

96/151

H.R. 4382

ENERGY MANAGEMENT PARTNERSHIP ACT
(Volume I)

JOINT HEARINGS
BEFORE THE
SUBCOMMITTEE ON
ENERGY DEVELOPMENT AND APPLICATIONS
OF THE
COMMITTEE ON
SCIENCE AND TECHNOLOGY
AND THE
SUBCOMMITTEE ON ENERGY AND POWER
OF THE
COMMITTEE ON
INTERSTATE AND FOREIGN COMMERCE
U.S. HOUSE OF REPRESENTATIVES
NINETY-SIXTH CONGRESS
FIRST AND SECOND SESSIONS

OCTOBER 31, 1979; FEBRUARY 19, 1980

[No. 151]

(Committee on Science and Technology)

Serial No. 96-201

(Committee on Interstate and Foreign Commerce)

Printed for the use of the Committee on Science and Technology
and the Committee on Interstate and Foreign Commerce

U.S. GOVERNMENT PRINTING OFFICE
WASHINGTON: 1980

68-443 O

NEWARK PUBLIC LIBRARY

DEC 25 1980

U. S. GOVT. PUBS.
DEPOSITORY 376

44.Sci2.

best copy available

COMMITTEE ON SCIENCE AND TECHNOLOGY

DON FUQUA, Florida, *Chairman*

ROBERT A. ROE, New Jersey
 MIKE McCORMACK, Washington
 GEORGE E. BROWN, Jr., California
 JAMES H. SCHEUER, New York
 RICHARD L. OTTINGER, New York
 TOM HARKIN, Iowa
 JIM LLOYD, California
 JEROME A. AMBRO, New York
 MARILYN LLOYD BOUQUARD, Tennessee
 JAMES J. BLANCHARD, Michigan
 DOUG WALGREN, Pennsylvania
 RONNIE G. FLIPPO, Alabama
 DAN GLICKMAN, Kansas
 ALBERT GORE, Jr., Tennessee
 WES WATKINS, Oklahoma
 ROBERT A. YOUNG, Missouri
 RICHARD C. WHITE, Texas
 HAROLD L. VOLKMER, Missouri
 DONALD J. PEASE, Ohio
 HOWARD WOLPE, Michigan
 NICHOLAS MAVROULES, Massachusetts
 BILL NELSON, Florida
 BERYL ANTHONY, Jr., Arkansas
 STANLEY N. LUNDINE, New York
 ALLEN E. ERTEL, Pennsylvania
 KENT HANCE, Texas

JOHN W. WYDLER, New York
 LARRY WINN, Jr., Kansas
 BARRY M. GOLDWATER, Jr., California
 HAMILTON FISH, Jr., New York
 MANUEL LUJAN, Jr., New Mexico
 HAROLD C. HOLLENBECK, New Jersey
 ROBERT K. DORNAN, California
 ROBERT S. WALKER, Pennsylvania
 EDWIN B. FORSYTHE, New Jersey
 KEN KRAMER, Colorado
 WILLIAM CARNEY, New York
 ROBERT W. DAVIS, Michigan
 TOBY ROTH, Wisconsin
 DONALD LAWRENCE RITTER,
 Pennsylvania
 BILL ROYER, California

HAROLD P. HANSON, *Executive Director*

PHILIP B. YEAGER, *General Counsel*

REGINA A. DAVIS, *Administrator*

PAUL A. VANDER MYDE, *Minority Staff Director*

SUBCOMMITTEE ON ENERGY DEVELOPMENT AND APPLICATIONS

RICHARD L. OTTINGER, New York, *Chairman*

JAMES J. BLANCHARD, Michigan
 DOUG WALGREN, Pennsylvania
 DAN GLICKMAN, Kansas
 ALBERT GORE, Jr., Tennessee
 ROBERT A. YOUNG, Missouri
 RICHARD C. WHITE, Texas
 HAROLD L. VOLKMER, Missouri
 HOWARD WOLPE, Michigan
 NICHOLAS MAVROULES, Massachusetts
 BILL NELSON, Florida
 BERYL ANTHONY, Jr., Arkansas
 ALLEN E. ERTEL, Pennsylvania
 KENT HANCE, Texas
 ROBERT A. ROE, New Jersey
 MIKE McCORMACK, Washington

HAMILTON FISH, Jr., New York
 KEN KRAMER, Colorado
 WILLIAM CARNEY, New York
 DONALD LAWRENCE RITTER,
 Pennsylvania
 ROBERT W. DAVIS, Michigan
 JOHN W. WYDLER, New York
 ROBERT K. DORNAN, California
 ROBERT S. WALKER, Pennsylvania

JAMES W. SPENSLEY, *Staff Director*

JOHN H. LOEWY, *Majority Counsel*

DAN STEINWAY, *Minority Counsel*

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

HARLEY O. STAGGERS, West Virginia, *Chairman*

JOHN D. DINGELL, Michigan	SAMUEL L. DEVINE, Ohio
LIONEL VAN DEERLIN, California	JAMES T. BROYHILL, North Carolina
JOHN M. MURPHY, New York	TIM LEE CARTER, Kentucky
DAVID E. SATTERFIELD III, Virginia	CLARENCE J. BROWN, Ohio
BOB ECKHARDT, Texas	JAMES M. COLLINS, Texas
RICHARDSON PREYER, North Carolina	NORMAN F. LENT, New York
JAMES H. SCHEUER, New York	EDWARD R. MADIGAN, Illinois
RICHARD L. OTTINGER, New York	CARLOS J. MOORHEAD, California
HENRY A. WAXMAN, California	MATTHEW J. RINALDO, New Jersey
TIMOTHY E. WIRTH, Colorado	DAVE STOCKMAN, Michigan
PHILIP R. SHARP, Indiana	MARC L. MARKS, Pennsylvania
JAMES J. FLORIO, New Jersey	TOM CORCORAN, Illinois
ANTHONY TOBY MOFFETT, Connecticut	GARY A. LEE, New York
JIM SANTINI, Nevada	TOM LOEFFLER, Texas
ANDREW MAGUIRE, New Jersey	WILLIAM E. DANNEMEYER, California
EDWARD J. MARKEY, Massachusetts	
THOMAS A. LUKE, Ohio	
DOUG WALGREN, Pennsylvania	
ALBERT GORE, Jr., Tennessee	
BARBARA A. MIKULSKI, Maryland	
RONALD M. MOTT, Ohio	
PHIL GRAMM, Texas	
AL SWIFT, Washington	
MICKEY LELAND, Texas	
RICHARD C. SHELBY, Alabama	
ROBERT T. MATSUI, California	

SUBCOMMITTEE ON ENERGY AND POWER

JOHN D. DINGELL, Michigan, *Chairman*

RICHARD L. OTTINGER, New York	CLARENCE J. BROWN, Ohio
PHILIP R. SHARP, Indiana	CARLOS J. MOORHEAD, California
ANTHONY TOBY MOFFETT, Connecticut	JAMES M. COLLINS, Texas
DAVID E. SATTERFIELD III, Virginia	DAVE STOCKMAN, Michigan
TIMOTHY E. WIRTH, Colorado	TOM CORCORAN, Illinois
EDWARD J. MARKEY, Massachusetts	TOM LOEFFLER, Texas
PHIL GRAMM, Texas	JAMES T. BROYHILL, North Carolina
AL SWIFT, Washington	(Ex Officio)
RICHARD C. SHELBY, Alabama	
ANDREW MAGUIRE, New Jersey	
ALBERT GORE, Jr., Tennessee	
MICKEY LELAND, Texas	
HARLEY O. STAGGERS, West Virginia	
(Ex Officio)	

FRANK M. POTTER, Jr., *Staff Director and Counsel*



CONTENTS

WITNESSES

	Page
October 31, 1979:	
Maxine Savitz, Acting Assistant Secretary for Conservation, Solar and Energy, U.S. Department of Energy, accompanied by J. Michael Power, Director, Office of Policy Planning and Evaluation; Thomas D. Tatum, Director, Institutional Liaison and Communications; and Judith M. Liersch, Director, Energy Extension Service	11
Hon. Donald Pease, a Representative in Congress from the State of Ohio ..	24
February 19, 1980:	
Hon. James Conway, mayor, Charleston, West Virginia.....	56
Hon. Les AuCoin, a U.S. Representative from the State of Oregon.....	59
Hon. Elizabeth Holtzman, a U.S. Representative from the State of New York	63
Hon. John Hutchinson, mayor, Charleston, West Virginia	64
Robert Herzog, special assistant for energy, city of New York.....	78
Hon. Marc Wilder, council member, city of Long Beach, California	88
Lex Hester, director, Florida Energy Office.....	151
Joan Shorey, Solar Lobby	174

SYNOPSIS

CHAPTER I

The first chapter of the book is devoted to a general survey of the subject. It begins with a definition of the term "synopsis" and then proceeds to discuss its various applications. The author then presents a list of the principal works on the subject, and finally concludes with a summary of the main points of the book.

ENERGY MANAGEMENT PARTNERSHIP ACT

WEDNESDAY, OCTOBER 31, 1979

HOUSE OF REPRESENTATIVES, COMMITTEE ON SCIENCE AND
TECHNOLOGY, SUBCOMMITTEE ON ENERGY DEVELOPMENT
AND APPLICATIONS, COMMITTEE ON INTERSTATE AND
FOREIGN COMMERCE, SUBCOMMITTEE ON ENERGY AND
POWER,

Washington, D.C.

The subcommittees met in joint hearing at 9:30 a.m., pursuant to notice, in room 2123, Rayburn House Office Building, Hon. Richard L. Ottinger (chairman of the Subcommittee on Energy Development and Applications) presiding.

Present: Representatives Ottinger, Anthony, Fish, Davis, and Walker.

Mr. OTTINGER. The subcommittee will come to order please. I am pleased to open these hearings of the Subcommittee on Energy Development and Applications of the House Committee on Science and Technology which I chair and the Subcommittee on Energy and Power of the Interstate and Foreign Commerce Committee on which I am the ranking Democratic member. So, I get to wear both my hats at once today.

We are going to be assessing H.R. 4382, the Energy Management Partnership Act and other related legislation, which seek to bring some order to the dozen or more State energy programs the Federal Government has established. After holding oversight hearings last week on the regional solar energy centers, I am interested in hearing how DOE plans to integrate these programs into a coordinated approach with State and local governments.

Due to the Energy Mobilization Board debate on the floor of the House today, we have eliminated the outside witnesses and are going to restrict ourselves to receiving testimony from the administration, the proponents of EMPA, from Department of Energy.

Mr. Pease also plans to be here to testify. He is not here at the present time. We will put him on when he comes.

Senator Paul Tsongas, who has introduced a bill in the Senate, was scheduled to testify but unfortunately is ill and is unable to be with us today. We hope to hear from him at a subsequent time. Today we will put his testimony in the record at this point.

[The prepared statement of Senator Paul Tsongas follows:]

MAKING ENERGY DECISIONS CLOSER TO THE PEOPLE

Mr. Chairman. Many vital energy initiatives can best be taken by governments close to the level of delivery of services. Aggressive, innovative efforts by states, counties, cities, and towns are essential if we are to tap our full potential for energy conservation and the use of renewable resources.

(1)

Today I will discuss two legislative proposals to catalyze governments close to the people as agents in solving the energy crisis. The bills are the Administration's Energy Management Partnership Act (EMPA) and the community Energy Efficiency Act. Both are designed to move our national energy effort past the point of merely subsidizing energy technologies. They will help to institutionalize new energy practices and policies.

EMPA would consolidate three energy conservation grant programs—those from the Energy Policy and Conservation Act and the Energy Conservation and Production Act, and the Energy Extension Service—into a single “core grant program.” It would also require States to develop and implement an overall State energy plan that would include: one, a description of the State's current supply and demand situation, and a forecast of energy consumption patterns; two, a management plan which requires the identification of the energy sectors in which the State can achieve the greatest energy savings and a description of how the State will achieve these savings; three, an energy emergency plan which is coordinated with federal efforts; and four, a variety of conservation and renewable resource measures.

Overall EMPA takes a big step in the right direction. The bill improves the State capacity to manage energy programs, it provides for sufficient flexibility to allow each State to address its own energy needs, and it allows for the participation of local governments. Among the features of this legislation that I find most promising is the emphasis on focusing directly upon the end use consumption sectors to uncover new opportunities and strategies for energy conservation.

In the Senate I plan to sponsor a stronger version of this legislation—the Comprehensive Energy Management Partnership Act (CEMPA). This bill would refine and strengthen elements of EMPA. It would provide approximately \$170 million annually through its “Local Energy Management Programs” and “State Basic Energy Programs” to support the following major activities:

(1) *Develop a comprehensive state energy plan in cooperation with local governments to meet national, state, and local energy objectives.*—Certain specific measures would be required in the areas of conservation and renewable resources, energy demand and supply forecasting, program coordination and management, and energy emergency planning to ensure federal funding of the state energy plan. They are discussed below. Beyond these minimal requirements, however, states and localities would have discretion to establish their own energy goals and priorities.

(2) *Promote energy conservation and the use of renewable resources.*—At least 60 per cent of the estimated \$150 million per year authorized under the State Basic Energy Programs must be used for renewable resources and energy conservation. Certain specific measures would be required for approval of the state energy plan. I will outline these later.

(3) *Encourage coordination of state energy programs.*—State governments are currently faced with a patchwork of individual federal energy grant programs, each requiring separate application procedures. In addition to its requirements for a comprehensive state energy plan, CEMPA would introduce three strategies both to improve program coordination and to help the states use federal funds more for program implementation and less for grant administration: First, the bill would consolidate three existing federal energy conservation programs—the basic state conservation program (from EPCA), and the Energy Extension Service (expanded to a nationwide program)—into a single “core grant program.” Second, states would be authorized to make a consolidated application for financial assistance for all DOE-administered state energy programs and third, CEMPA would require that an agency in each state be responsible for coordinating the development, management, and implementation of all federally funded state energy programs as part of its responsibilities in coordinating the state energy plan.

(4) *Provide energy assistance to local governments.*—CEMPA would encourage a local government role in three ways. First, the bill would require that local governments be allowed to become direct participants in the formulation and implementation of the state energy plan. Second, states would be required to share EMPA funds with local governments in a manner commensurate with their responsibilities in implementing the plan. Third, under the Local Energy Management Program, developed by Senator Percy, \$20 million per year would be authorized for three interlocking programs to stimulate broader local involvement in energy conservation and renewable resource development. These three elements—the demonstration grants program, the documentation and distributions grant program, and the Local Energy Reference Center—are summarized in a later section.

THE STATE ENERGY PLANS

Each state receiving CEMPA funding would be required to include the following basic elements in its comprehensive energy plan: Energy supply and demand fore-

casts for all major supply and end use sectors; a projection of need for central station and on-site electric power generation facilities; a management plan that would identify the energy sectors in which the state can achieve the greatest energy savings, and a description of the programs the state would carry out to achieve its energy goals; an energy emergency plan coordinated with federal plans; provisions for participation by local governments and the general public; and a description of how the state plans to implement the required energy conservation and renewable resource programs.

ENERGY CONSERVATION AND RENEWABLE RESOURCES

To receive CEMPA funding each state would be required to implement, at a minimum, these energy conservation and renewable resource measures: Establish an energy extension service program that would make use of existing outreach delivery mechanisms such as colleges, universities, and Cooperative Extension Services; implement the Guiding Energy Performance Standards program; continue most of the existing EPCA conservation programs (i.e., lighting efficiency standards for state and local buildings; promotion of carpools, vanpools and public transportation; energy-conscious state procurement practices; and traffic regulations to permit right turn on red); develop initiatives to expand renewable resource financing by financial institutions; establish a program for state intervention to ensure that electric utility rate schedules do not discriminate unfairly against users of renewable energy resources; establish a program to use renewable resources in state and local government buildings; develop information activities to promote consumer protection and to help potential purchasers make informed choices; initiate actions to specifically encourage energy conservation and use of renewables by low income families, rural and urban residents, and in agriculture; and draw upon the resources of the Regional Solar Energy Centers, the local Energy Reference Center, and other information and technical assistance outlets as appropriate.

Conservation and renewable resource provisions that are specifically targeted for local governments are discussed in a later section.

Special renewable resource and conservation assistance.—CEMPA may also authorize an additional \$10 million per year in matching funds to support additional state conservation and renewable resource provisions which are deemed worthy of special assistance. Suggestions for the proper framework of this program and for possible provisions that would be appropriate for funding would be appreciated.

THE LOCAL ENERGY MANAGEMENT PROGRAMS

Three interrelated programs from the Local Energy Management Act sponsored by Senator Percy could be developed to support local energy management, and conservation and renewable resource initiatives.

A Demonstration Grants Program would provide funding to selected localities for the development of plans to examine their energy consumption patterns and devise innovative measures to save energy or promote the use of renewable resources.

A Documents and Distribution Grants Program would assist selected localities that have already developed innovative energy programs to create practical brochures on energy initiatives they have undertaken and to make this information available.

A Local Energy Reference Center would serve as a data bank and clearing house on locally-based energy conservation and renewable resource development efforts. The Center would draw information gathered through the Documentation and Distribution Grants Program as well as other sources.

MAJOR DIFFERENCES BETWEEN CEMPA AND THE ADMINISTRATION'S EMPA PROPOSAL

EMPA's "Special Energy Projects" for local governments with an annual authorization of \$5 million is replaced in CEMPA by the "Local Energy Management Act" provisions with an annual authorization of \$20 million.

EMPA requires that at least 60 per cent of the \$105 million annually authorized for the "State Basic Energy Programs" must be spent for energy conservation, renewable resources, and emergency energy planning. At least 60 per cent of CEMPA's estimated \$150 million "State Basic Energy Program" authorization must be spent for energy conservation and renewable resource development. This assumes that \$10 million will be made available to the states for the preparation of standby energy conservation plans via the Emergency Energy Conservation Act currently under consideration.

CEMPA requires that all federal energy programs that include a state role be coordinated in the state energy plan. It also requires that a state agency be respon-

sible for coordinating the development, management, and implementation of all federally funded state energy programs.

CEMPA retains all of the existing EPCA mandatory conservation programs (except the thermal standards for buildings which are superseded by the required Building Energy Performance Standards). EMPA retains only the right-turn-on-red provision and BEPS, and makes all the other EPCA conservation programs optional.

The renewable resource provisions under EMPA are optional. Most of the renewable resource measures under CEMPA are required. Others, funded through a \$10 million/year "Special Projects" fund, would be optional.

CEMPA requires that the energy extension service program specifically use such existing outreach mechanisms as colleges, universities, and cooperative extension services.

There are still issues that need further clarification in this legislation. The role of local governments and regional councils in the development and implementation of State energy plans; the role and relationship to the State energy offices of the Energy Extension Service programs; integration of conservation and renewable resource provisions under the State Basic Energy Programs; the need for mechanisms to ensure consistency of the local energy plans with the State energy plans; the need for further integration of the Local Energy Management Act provisions with the rest of the bill to ensure consistency in definitions, reporting procedures, application procedures and the like; the political and administrative implications of the Local Energy Management Act demonstration grants program; the role and organizational home of the Local Energy Reference Center; and funding levels.

We will also be working on integrating a more aggressive program to help local governments. While CEMPA is focused largely on the states, S. 1829, the Community Energy Efficiency Act which I introduced several weeks ago, is focused on cities, towns and counties. This bill will help to ensure that local laws, policies and decisions are consistent with energy conservation and with the inevitable shift to renewable resources.

The Community Energy Efficiency Act provides grants for basic planning, followed by grants for advanced planning and for capital investments. The amount awarded at each stage is based on population and on need for heating and cooling. The grants will total \$5 billion over the next 5 years.

A grant application for basic planning must include targets for energy conservation. There must be a program to amend local land use controls such as building codes and permits, and transportation controls such as building codes and permits, and transportation controls to boost conservation and renewable resource development. The local program must promote public understanding of the importance and practicality of energy conservation and renewables. Efforts to help low-income residents are a particular priority.

A recipient of a basic grant can apply for a larger advanced planning grant after making significant progress. A recipient must move into the expanded grant phase by the end of the program's third year.

A community program under an expanded grant continues the activities of the basic program. The expanded program includes adoption of an ordinance to facilitate the use of solar systems in the county, and conservation standards for residential and commercial properties. It must include a transition plan to reduce current petroleum use, and a contingency plan for energy emergencies. The city or county also must develop a budget that uses existing federal and State programs to implement energy efficiency and renewable resource projects.

In both phases of the community energy action program, recipients must make grants available to neighborhood organizations for special energy projects. These projects could promote community outreach programs or provide grants for energy conservation and renewable resource projects.

Funding for the basic and expanded planning grants would total \$2 billion over 5 years, beginning at \$300 million in the first year and increasing by \$50 million for each subsequent year.

Cities and counties at the advanced planning stage are eligible for investment grants. These allow investment in conservation and renewable technologies appropriate to individual communities. They may be awarded for city block demonstration projects, low-head hydro development, district heating development, urban waste-based energy production facilities, industrial-residential cogeneration, solar energy systems development, weatherization of low-income housing, building retrofit programs, and neighborhood energy projects. These grants would total \$3 billion over the next 5 years.

The Community Energy Efficiency Act is a first draft that needs much refinement. Our purpose is to stimulate discussion, hold hearings, and reintroduce the

bill. I hope that we will work together with you subcommittees to enact comprehensive legislation this session.

Some of our Nation's local governments have taken the initiative in energy efficiency and renewable resources, but all must do more. Governments close to the people must plan for our energy future. The Comprehensive Energy Management Partnership Act and the Community Energy Efficiency Act complement each other as appropriate tools to safeguard our future.

Mr. OTTINGER. I think we ought to start out with the Administration witnesses. My good friend, Maxine Savitz, is representing the Administration and has done an outstanding job. She has worked with both of these committees over a long period of time in the vital field of conservation and is now Acting Assistant Secretary for Conservation and Solar Energy.

I understand you have with you Dr. J. Michael Power, Director of the Office of Policy, Planning and Evaluation; Mr. Thomas D. Tatum, Director the Institutional Liaison and Communications; and Judith M. Liersch, Director of the Energy Extension Service.

We welcome you before the joint hearing and look forward to receiving your testimony.

I think the endeavor here is a very salutary one, to try to get some better coordination over the interrelationships between the Federal Government and the State governments to pursue energy conservation and solar programing. We have a wide variety of programs that have been enacted by Congress, including the Energy Extension Service, EPCA, and ECPA, legislation which presents a wide variety of programs to the States under Federal aegis.

Getting those in better order and making them effective will be worthwhile. We will be interested in hearing your program for that and perhaps your comments on Senator Tsongas' different approach.

We will put your full statement in the record and that of your colleagues. You may read or summarize it as you see fit.

[The biographical sketches of Maxine Savitz; J. Michael Power; Thomas Tatum, and Judith Liersch follow:]

U.S. DEPARTMENT OF ENERGY
OFFICE OF BUILDINGS, RESEARCH AND
TECHNOLOGY

DOE FACIS

DR. MAXINE SAVITZ

Dr. Maxine Savitz was named Deputy Assistant Secretary for Conservation and Solar Applications in the Department of Energy (DOE) on January 10, 1979. In this position she provides administrative and management support to the Assistant Secretary. Dr. Savitz is also concerned with operation and management of programs involving buildings and community systems, industrial conservation and transportation.

Previously Dr. Savitz had served as Director of the Division of Buildings and Community Systems, Office of Conservation and Solar Applications.

Dr. Savitz held a similar position at the Energy Research and Development Administration (ERDA), which was merged into DOE in October 1977. Before joining ERDA in 1975, she was Director of the Building Policy Research Program, Office of Energy Conservation and Environment at the Federal Energy Administration (FEA). Prior to that she was a Program Manager at the National Science Foundation. She earlier served as Professor of Chemistry at Federal City College where she was the creator and co-principal investigator of the Federal City College Science Mobile. She has also served as Chemistry/Laboratory Instructor at Hunter College in New York.

In 1967 Dr. Savitz received the MERDC Commander Award for Scientific Excellence at Fort Belvoir, Virginia, where she was a senior research chemist working in the area of hydrocarbon fuel cells and secondary batteries.

In 1976 Dr. Savitz received the ERD Meritorious Service Award and in 1975 she received the FEA Certificate of Superior Service. She was recognized for her outstanding contribution to the construction industry in 1975 by the Engineering News Record.

Dr. Savitz is editor of *Energy & Buildings*, Elsevier Publications; a member of the Energetics Division Board, American Society of Mechanical Engineers, and a member of the Advisory Board, Buildings Research Advisory Board.

Dr. Savitz graduated from Bryn Mawr College, magna cum laude with honors in chemistry in 1958. She was awarded a Ph.D. in organic chemistry by M.I.T. in 1961 and was a post doctoral fellow at the University of California, Berkeley, California.

A native of Baltimore, Maryland, Dr. Savitz presently resides in Washington, D.C.

March 1979

Curriculum Vitae

J. Michael Power

Professional Address

Office of Policy, Planning
and Evaluation
Mail Stop - 2221C
Department of Energy
20 Massachusetts Avenue, NW
Washington, DC 20585

Residence

300 C Street, NE
Washington, DC 20002

Academic Activities and Interests

Energy conservation and renewable energy applications are the primary areas of my professional interests over the last 5 years. With emphasis on the former, I have been responsible for understanding energy conservation as a resource management issue within the U.S. economy in this context. I have been concerned not only with energy technology and capital stock adjustment, but also with consumer attitudes, energy using practices and broader investment behavior. Current areas of interests include industrial capital formation and investment, strategic planning for energy conservation and renewable energy utilization and methods for program, planning and evaluation.

Education

B.A., Liberal Arts, Rice University, 1965.
B.S., Mechanical Engineering, Rice University, 1966.
M.S., Civil Engineering, Stanford University, 1967.
Ph.D., Engineering and Economic Systems, Stanford University, 1971.

Professional Experience

Director, Policy, Planning and Evaluation, Conservation and Solar Energy,
DOE, January 1979 to present.

Acting Director, Policy and Planning, Conservation and Solar Applications,
DOE, November 1977 to January 1979.

Assistant Director, Program Planning Office of Conservation, ERDA,
October 1976 to November 1977.

Director, Planning Analysis and Evaluation, Energy Conservation and Environment,
FEA, June 1974 to October 1976.

Resume

THOMAS D. TATUM

GENERAL

Address: 1009 D Street, S.E.
Washington, D.C. 20003

Telephone: (O) 202-293-7380
(H) 202-546-1835

Birthdate: February 16, 1946

Marital Status: Single

Service to Country: Peace Corps Volunteer, 1968-1971

EDUCATION

Law School: September 1977-December 1974:
Emory University School of Law,
Atlanta, Georgia
J.D. - December 1974
Admitted to Georgia Bar - Dec., 1974

College: September 1964-June 1968:
Vanderbilt University, Nashville.
Tennessee
B.A. in Economics, Related work in
Political Science, member Beta Theta
Pi Fraternity

High School: March 1962-June 1964:
Ridgewood High School, Ridgewood,
New Jersey

September 1961-February 1962:
Paducah Tilghman High School,
Paducah, Kentucky

Other: October-November 1968:
U.S. Peace Corps Training Center
Molokai, Hawaii, Co-op Organizing
and Accounting

EMPLOYMENT

March 1977 to Present: Deputy Director, Office of Federal Relations, National League of Cities

December 1976 to February 1977: Urban Affairs Consultant, Carter-Mondale Transition Team

April 1976 to November 1976: Leave of Absence to work on Carter Campaign; Pa., Md., N.J. Primaries; National Convention Staff; National Director for Urban Affairs General Election Campaign Staff (i.e. "Cities Desk")

July 1975 to December 1976: Director of Research and Interns and Special Assistant to the Mayor, Atlanta, Georgia

September 1974 to July 1975: Special Assistant to the Mayor, Atlanta, Georgia

February 1974 to September 1974: Special Assistant to the Mayor, Atlanta, Georgia (Part-time while completing three quarters of Law School)

December 1973 to February 1974: Law Clerk, H.E.W. Regional Attorney's Office, Atlanta, Georgia

June 1972 to September 1972: Morse Electro Products, Accountant, trouble shooting after changeover to National Data Computerized System

October 1968 to December 1971: U.S. Peace Corps, Sigatoka Valley, Fiji Islands (South Pacific)

1969: Field Manager Valley Industrial Co-operative Association. Primary work was organizing rural village farmer co-operatives.

1970: Field Manager and Acting General Manager for V.I.C.A.

1971: Operations Manager Tropic Isles Ltd.; Member of Board of Directors (Tropic Isles Ltd. is jointly owned by Davis Consolidated Industries of Sydney, Australia, a multi-national company, and V.I.C.A. and produces frozen and canned tropical fruit products for world wide export.)

June 1968 to August 1968: Western Electric Corp., factory worker

Various summer jobs during high school and college.

CURRENT MEMBERSHIPS AND AFFILIATIONS

Georgia Bar Association/Young Lawyer Section
American Bar Association

PAST MEMBERSHIPS AND AFFILIATIONS

Vice Chairman, Atlanta Ballet, Inc.
Georgia Conservancy
Young Democrats of Georgia
Fulton County Democratic Party
Board of Directors, Citizens Consumer Council,
Atlanta, Georgia
Technical Advisory Council-Georgia Fuel Allocation
Board (consumer member appointed by Governor
Jimmy Carter)
Chairman of the Judiciary-Young Democrats of Georgia
President-Fulton County Young Democrats
Various Atlanta Task Forces including: Consumer Task
Force, Tree Ordinance Task Force, Future
Funding Commission, etc. . .

FOREIGN TRAVEL

Around the world tour January-June 1972
Included approximately 25 countries in Pacific, Asia,
Middle East, and Europe

REFERENCES

Mayor Maynard Jackson
Office of the Mayor
68 Mitchell Street
Atlanta, Georgia 30303

Mayor Henry Maier
Office of the Mayor
200 E. Wells
Milwaukee, Wisconsin 53202

Others on request

LIERSCH, Judith M.

Director, Energy Extension Service

Department of Energy
Washington, D.C. 20585

EDUCATION:

A.B. Cornell University, 1957; M.S. in Computer Science,
Pratt Institute, 1970; M.B.A., Stanford University, 1973.

EXPERIENCE:

Ms. Liersch has been Director of the Energy Extension Service since January 1977. For the year prior to that post, she was Deputy Director of ERDA's Office of Commercialization.

Beginning in 1974, Ms. Liersch was Director of the Office of Fuel Utilization at the Federal Energy Administration, and responsible for implementation of the coal conversion program mandated by the Energy Supply and Environmental Coordination Act of 1974. At the Office of Management and Budget, Ms. Liersch was a Management Associate in the Natural Resources, Energy and Science Division. During the Arab oil embargo, Ms. Liersch was on detail to the Federal Energy Office, and served as Director of the Office of Gasoline Rationing until the office was phased out in May 1974.

Before joining the Federal Government, Ms. Liersch worked for Time, Inc. as an editorial researcher for Time magazine, and as a systems analyst in the editorial services division, with responsibility for liaison between the editorial staff and computer technicians.

STATEMENT OF MAXINE SAVITZ, ACTING ASSISTANT SECRETARY FOR CONSERVATION, SOLAR AND ENERGY, U.S. DEPARTMENT OF ENERGY ACCOMPANIED BY J. MICHAEL POWER, DIRECTOR, OFFICE OF POLICY, PLANNING AND EVALUATION; THOMAS D. TATUM, DIRECTOR, INSTITUTIONAL LIAISON AND COMMUNICATIONS; AND JUDITH M. LIERSCH, DIRECTOR, ENERGY EXTENSION SERVICE

Ms. SAVITZ. Thank you. I am very pleased to be here and we appreciate the support you have given to our programs over the years. We have enjoyed working with you and your staff.

I am pleased to discuss a very important partnership today and that partnership is between the Federal Government and State and local governments in trying to get energy conservation and renewable resources into everybody's hands and adopted.

Events over the past several years dramatically illustrate many of the weaknesses and pitfalls inherent in pursuing any national policy without the full participation of State government and local municipalities. Nowhere is this more true than in energy. State and local governments played major roles during the gasoline shortages experienced in many regions of the country earlier this year, as well as in other fuel emergencies over the past decade.

There are excellent State and local programs being implemented for conservation and renewable resource development supported with and without Federal assistance.

The problem, Mr. Chairman, is that too many other States and local governments are not able to make the contributions to our energy problems that they would like to make.

If our national effort to reduce consumption of foreign oil is to succeed, we must strengthen the energy partnership among all levels of government.

With these objectives in mind, the administration has proposed the Energy Management Partnership Act or "EMPA." With regard to the States, we believe EMPA is needed for the following reasons:

First, EMPA would encourage States which do not already have an effective energy management capacity to develop their own overall energy supply and conservation plan.

Second, EMPA would provide Federal funds to help States cover the costs of other Federal or State-supported energy programs. As you know, several programs required under the National Energy Act of 1978 are not federally funded. The recently enacted gas rationing legislation provides no funds for State emergency planning and implementation. EMPA funds will provide Federal assistance to be used by States for these purposes.

Third, EMPA would consolidate administrative procedures for three major existing Federal energy grant conservation programs which are EPCA, ECPA, and EES. By cutting redtape and giving States greater flexibility to tailor programs to their needs, we would expect to see more money for energy-saving, less for administration.

There are currently many Federal energy conservation grant programs to assist States. We intend to simplify the application procedures for these programs.

Fourth, EMPA will provide funding to State and local governments for conservation and the development of renewable resources such as solar energy. State and local governments must work to remove the technical, economic, and institutional barriers which stand in the way of increased renewable resource use and conservation. They are important partners with the Federal Government in the drive to achieve the President's national goal of 20 percent solar energy use by the year 2000.

In these four ways, EMPA will help to increase the role of State and local governments in managing our energy problems and provide a framework of Federal, State, and local activities. This kind of cooperative framework is needed if the Nation is to succeed in its effort to achieve an orderly transition away from oil imports and depletable fuels, toward a domestically based renewable resource energy system.

An important part of this legislation is a requirement that each participating State develop and carry out a State energy plan. The purpose of the plan, which would be updated every other year, is to allow States to assess their current energy situation, forecast future supply and demand, and develop supply and consumption targets.

The capacity of a State to forecast supply and demand we believe is vital in an age where construction of new generation facilities

may take 6 to 12 years. Better information from States will also improve the quality of information available to Federal decision-makers.

However, there are limitations as to what States can do and the development of plans forecasting future supply and demand will be difficult. Such forecast should be helpful in pinpointing problems and in targeting State-sponsored programs to high payoff areas.

The State energy plan is subject to approval by the Secretary. He would be obligated to approve any energy policy a State determines is best for itself so long as the procedural requirements are satisfied and the policy is not counter to national policy.

The cooperative framework which we envision would not be complete without full participation of local government, from the State planning stage to implementation. EMPA would expand the role of local government in four ways:

EMPA insures direct local government involvement in developing the State energy plan.

Local government would share the State's allocation of funds in proportion to its responsibilities under the State energy plan.

States would be permitted to pass through an additional amount of Federal funds directly to local governments.

The bill also provides DOE with an additional \$5 million of discretionary grants annually for local governments and Indian tribes to support innovative local projects.

DOE has recently completed a study of local government activity. That study indicates that most local governments would like to take more positive action to solve energy problems. Local government can do much to encourage rational land use, establish energy efficient building codes, provide technical assistance and similar activities. EMPA would help define a clear role for local government.

EMPA funds for program implementation will be focused on energy conservation programs, renewable programs, and energy emergency measures. Because the promotion of energy conservation, development of renewable resources and implementation of emergency measures must rely heavily on decentralized action, it is extremely important to enlist State and local governments as fully as possible in the effort to achieve these important national energy objectives.

As DOE findings indicate, conservation and renewable resources are the two energy sources which are most capable of increasing energy stocks available to the Nation in the near term.

The President's recent Domestic Policy Review of Solar Energy made a number of findings that support very strongly many of the provisions contained in EMPA. First, significant potential exists for expanding the Nation's use of solar energy. With appropriate private and government support, solar energy could made a significant contribution to U.S. energy supply by the end of this century.

Second, limited public awareness of and confidence in solar technologies is a major barrier to accelerated solar energy use. Designers, builders, and potential solar users in the residential, commercial, and industrial sectors need to be educated.

Third, widespread use of solar energy is also hindered by Federal, State, and local policies and market imperfections that effectively subsidize competing energy sources.

Finally, although the Federal Government can provide a leadership role, Federal actions alone cannot insure widespread solar use. State and local governments must take the lead in removing institutional and regulatory barriers in solar use as well as provide incentives such as preferred tax treatment.

What has been stated about solar is equally true of conservation. There is a tremendous potential for the development of conservation as an energy resource, but there still exist a number of barriers which limit the scope of its implementation and therefore reduce potential energy savings.

Just as with solar, many of these barriers can be best eliminated at the State and local levels. EMPA provides both the funding and the policy development framework which will insure that solar and conservation technologies can be disseminated as quickly as possible.

In order to insure appropriate State action on conservation and the development of a renewable resource base, each State submitting a State energy plan under EMPA must include in that plan a set of provisions to accelerate the transition of renewable resources. The steps which States would consider under such a renewable resource plan include:

First, measures to increase participation by financial institutions in the financing of the purchase of conservation and renewable resource technologies.

Second, intervention in the process of electric utility rate assessment to insure that rate schedules do not discriminate unfairly against the use of renewable energy resources and conservation technologies.

Third, assessment of the potential for retrofitting State and local government buildings to use renewable energy systems.

Fourth, actions to encourage application of renewable energy systems.

Fifth, development of a system for the dissemination of consumer information to assist potential purchasers of renewable energy technologies to make informed decisions about their needs.

States would be required to spend 60 percent of the financial assistance provided under the bill on energy conservation and renewable resource development, along with emergency planning. Beyond this point, however, each State is free to set the direction of its goals and priorities, within the bounds of the required elements of the State plan, as described previously, and within the bounds of federally mandated programs funded under EMPA and other programs.

The Department of Energy regards the development of a working planning relationship between Federal, State, and local levels absolutely necessary to fulfill its energy resource management function. State and local energy management plans developed under EMPA will provide that flexibility. They would be able to meet both present and future energy situations. We would implement it as soon as it was passed and put in this comprehensiveness and flexibility needed.

Thank you for the opportunity to testify today. I will be happy to answer, along with my colleagues, any questions you might have.

Mr. OTTINGER. Do any of your colleagues want to add anything to your statement? The Federal Government presently funds about a dozen different State energy programs. Are they all going to be subsumed by EMPA. If not, which ones are going to be dropped?

Ms. SAVITZ. The planning under EMPA would include all the Federal programs that will impact on a State's energy situation. The supplemental funding under EPCA and the Extension Service would be folded into EMPA and would continue. Programs such as the local government buildings, schools, and hospitals would remain separate, but as far as the planning goes, these would be part of the State plans.

Mr. OTTINGER. Why are they kept separate?

Ms. SAVITZ. They are very categorical programs that go to a specific constituency such as the schools and hospitals. Several are also 3-year programs which are going into their second year. Under EMPA, the States can coordinate the planning, but the programs would continue to be administered as separate units.

We would consolidate applications and try to cut down the paperwork on what the States have to do. We have established a task force with the purpose of reviewing possible further consolidation of other DOE categorical grant programs.

Mr. OTTINGER. Our whole program to get solar on institutional buildings has always seemed to me to be a failure in not providing assistance to State and local governments. Is anything contemplated? Miss Holtzman offered an amendment on the floor trying to address the municipal buildings situation.

It seems to me, both with respect to conservation and solar, there are great difficulties in raising funds at this juncture to perform these necessary functions that are so much in the national interest. Is any effort being contemplated to add them to schools and hospitals?

Ms. SAVITZ. The school and hospital rules currently require assessments to be done for the potential of solar in preliminary energy audits to sort of survey quickly whether the building has potential for solar. Then the technical audits do require detailed solar analysis before the conservation measures——

Mr. OTTINGER. I wonder whether we ought not extend that to State and municipal buildings?

Ms. SAVITZ. In the EMPA legislation, the renewable resource plan would assess the potential for retrofitting State and local buildings to use renewable sources.

Mr. OTTINGER. Do you have any specific target on the percentage of State and municipal buildings you want to cover over a period of years?

Ms. SAVITZ. We would like to see the retrofit of most Federal buildings to include solar applications. One would like municipal and State buildings to be able to do the same thing. There is a problem however of States and local governments not having the funds to carry through, once the energy audit is completed.

I do not think we would want to set targets in a specific rule. We need to have flexibility.

Mr. OTTINGER. The next area in which I am very interested and I would like the Department to take a look at if they could, is fixing up our buildings. This is one of the things that can be done relatively quickly to reduce our dependence on foreign oil and about the cheapest, most environmental thing we can do. To leave out the vast number of buildings under the control of municipalities and States seems a lost opportunity.

The degree to which we have to participate in financing needs to be looked at and the mechanism to assist in that financing ought to be looked at as well. I have a feeling that it is not being addressed seriously. I also feel that the Federal buildings problem is not being addressed seriously. However that is outside the scope of today's hearings.

Ms. SAVITZ. We would be glad to take a serious look at how we might encourage the retrofit of State and local buildings and what kind of financial means there might be other than just Federal dollars. Are there private investment means that could be utilized to help raise capital? This would pay back in energy savings.

Mr. OTTINGER. Therefore, a loan program would be appropriate. There has been lacking a sense of urgency to get this done nationwide and a terrible lack if the Federal Government feels this is important in doing its own buildings. If we are really going to have an aggressive program and really achieve the potential we talk about all the time in conservation and solar, then we have to put our money where our mouth is.

Ms. SAVITZ. I agree. There is a lot of waste at present because so many buildings were built without any thought toward conservation or the use of renewable sources. As to financial means such as loans or credit, private companies should play an important role since State and local governments alone will have trouble raising bonds to pay for these. The Federal Government itself has budget constraints.

Mr. OTTINGER. I would make the argument, which is probably futile, and that is the money we would invest in fixing the buildings of the country would give us a far better payoff in every way. We are talking about committing \$88 billion to synfuels. I suppose we do not have an either/or situation here.

But \$88 billion contemplated out of the energy fund is not going to apparently be spent. The administration is only going to ask for \$20 billion of that. It seems to me that making that kind of commitment to pick up the balance of the fund that was intended to be committed with the energy security fund and making a real push in fixing up the buildings would make sense.

Why the administration is not pushing us on this is a great mystery to me.

I call on my colleague, Mr. Anthony.

Mr. ANTHONY. Mr. Chairman, I yield at this time.

I was out of the room, Dr. Savitz, when you gave your testimony. I am in the process of going over it so I will yield at this time. I will come back in a minute. I was following up on the information you gave me a while ago.

Ms. SAVITZ. Very good.

Mr. OTTINGER. We have been joined by our ranking minority member, my good friend from New York, Mr. Fish.

Mr. FISH. Thank you, Mr. Chairman. I appreciate being recognized because I have a conflict here.

I did want first of all to welcome you, Maxine, to the hearing and to explore with you briefly the issue of coordination, and specifically, what actions are being taken to assure that the EES, the Regional Solar Centers, and Residential Conservation Service complement each other.

Ms. SAVITZ. The EES and the Residential Conservation Service will complement each other. The Service rules will provide energy audits, as you know, to one- to four-family homes. The Energy Extension Service will, among other activities, be an arm to help market the audit program. There is a close tie-in.

In addition, where there are groups not targeted for energy audits, that would be an area where the Energy Extension Service would work together with them. The Energy Extension Service and the Regional Solar Energy Centers are working together along with the State energy offices to insure that their activities are coordinated.

The Regional Energy Centers are concentrating on solar technologies and information and have little to do with the conservation aspects at this point. Judy Liersch may want to add something.

Ms. LIERSCH. I would like to add that Maxine has identified the coordination between the RCS services and the Energy Extension Services, encouraging people to avail themselves of the services provided by the utilities. That is the emphasis of the RCS program.

At the back end we have found that individuals, homeowners and small businesses use the audit services best when they have a place to go for followup to get additional information that is particularly tailored to their particular building.

Mr. FISH. Who has responsibility right now for manning the EES program and who will have this responsibility under EMPA?

Ms. SAVITZ. Judy Liersch heads the Energy Extension Service and she would remain as the Director of that Service.

Mr. FISH. Last week we had the four Regional Solar Centers directors here. They said that their mission was that they are the lead group in solar commercialization. It is not to be discussed this morning whether it could be accomplished in the budget that they have, but it does seem to me that there is a definite crossover between conservation and solar applications, particularly passive solar for residences and other structures.

However, I am unhappy that we have an information center and audit group that the public is still not going to know about. From what I understand, they are not going to know where to go. I do not know where to go where I live, for example. It is fine to have the Residential Conservation Service, EES, and Regional Solar Centers, but how do we make them fully known to the public so that there is this opportunity for them to learn more, and to take advantage of these programs?

Ms. SAVITZ. I would agree with you, I think the time is right for conservation. The prices have gone up. The biggest problem is to insure that people know what to do and where to find that information. This becomes a major challenge and an opportunity.

With the Energy Extension Service now going nationwide this can be a focal point for providing information to a homeowner, a

building owner, and to an industrial person. That is where interested people should go for additional information. If the state EES's a certain group of solar products that were on the market, or knew some engineers who were capable of giving analysis, EES could refer the interested people to these groups or they could refer them to specific people at the relevant Regional Solar Energy Center.

One way of doing this is through a telephone hotline. In some of the 10 pilot States hotlines were established to answer questions. This approach was generally very successful. The information specialists had to be able to either give an answer directly or provide it quickly rather than not refer the interested party to different bureaucracies.

Mr. FISH. I am with you on that. It would be very helpful if all the outreach services were housed in the same building.

Ms. SAVITZ. The Residential Conservation Service is by law is to be run by the State. The State has the opportunity to choose the energy office or the public utility's commission to run the program. There is no question that wherever each States energy service is located, it has to be fully aware of that State's Extension Residential Conservation Service, tell people about and be in close communication at the State and local level.

Mr. FISH. There already is this type of close working relationship in agriculture. In most rural counties in New York, the Agricultural Extension Service is prominent. In one building you will find your county agents and the people concerned with the State level and the Federal level. It is one-stop shopping for anybody concerned with that issue.

I would hope that the informational question is so serious that some thought should be given to that type of relationship with the State. Thank you, Mr. Chairman.

Mr. OTTINGER. Mr. DAVIS.

Mr. DAVIS. Mr. Chairman, I have a couple of questions but I notice that Congressman Pease is here. I would be willing to let him testify first and then ask my questions later.

Ms. SAVITZ. I will wait.

Mr. DAVIS. One of the questions that I have is relative to the EMPA legislation which includes \$5 million, as I understand it, for programs for direct aid to local governments. Is that going to be enough? As I understand this is over a 5-year period. What sort of programs would we be funding with that money?

Ms. SAVITZ. There would be \$5 million per year over the 5 years for special innovative projects. In addition, at least 10 percent funding of the \$105 million must go to local governments to do planning for implementing the program.

Now, it could be that a local government has the idea that it wants to try a block approach to putting up a solar system. Therefore they might want to do some planning and demonstration to find out whether a block system could work. The local government could then apply for this type of money from the \$5 million special project fund.

Let us say the local government would want to look at removing barriers to sunlight for putting in solar. They could get some money to do this study. Maybe they would want to try putting a new ordinance through their legislative body or city council which

would encourage solar. This money could help to develop new ordinances to put forward solar or a conservation projects and help them go through the public process of getting it approved.

Mr. DAVIS. I have not read that section.

Ms. SAVITZ. The section does not really define the types of projects. We would leave what is needed to the local governments. It would be those types of activities that would be allowed.

Mr. TATUM. Portland, Oreg., just completed a very comprehensive community energy plan and enacted a model ordinance, if you will. We could give a documentation grant to Portland so that we could get the information on the process they went through and where they arrived at to the other 20,000 city and county governments throughout the country.

Mr. DAVIS. The money cannot be used for construction?

Mr. TATUM. No.

Ms. SAVITZ. No.

Mr. DAVIS. How long will this process take when the bill is signed into law before a community would wish to come under that section? Is it going to take months before you will be able to qualify for one of these things or is this something that can be put in place right away to get the job done?

Ms. SAVITZ. To be realistic, we have to go through the regulatory process, which involves developing regulations for and then coming out with a final regulation for the program. We would anticipate it would take time for public comment, as well as startup time. It takes that long for any new process. It would really take another 3 to 6 months.

After the final regulations, we could accept proposals and then could put those in place. From the date of passage, it would take 9 months before somebody would actually see some money. One can say, "Well, that is a long time. How do you shorten it?"

The only way we can shorten those things is by shortening the time we have for writing the regulations. By the time we go through all the concurrences on a practical basis, 45 days is the shortest that it can be done. To do it right takes a little more time if we want to obtain input from the affected groups and then have a 60-to-90-day comment period.

It is important to have this comment period in public hearings. A shortening of the process lessens the effectiveness of the program. When you are looking at a 5-year or 10-year program, it is worth taking the front end 6 to 9 months to get something good.

Mr. DAVIS. At the point where we have all of this and one of my communities submits an application, how long will it take once you receive an application? Within 90 days' time, can you decide whether you are going to do this?

Ms. SAVITZ. Yes. The \$5 million set aside money would be able to move those quickly as we have on the small-scale technology program. A 2- to 3-month process at most, is required to review applications.

Mr. DAVIS. You are saying, from the time of the signing of this particular bill and it becomes law, that within a year's time the money will actually be sent back to some of the communities around the country?

Ms. SAVITZ. Yes, sir.

Mr. DAVIS. Thank you. I have no further questions right now.
Mr. Chairman.

Mr. OTTINGER. Mr. Walker.

Mr. WALKER. Thank you, Mr. Chairman.

As I gather, a large portion of what you are talking about is going to be to inspire or attempt to inspire some additional conservation efforts. In large part, this is aimed at conservation.

Ms. SAVITZ. And renewable resources.

Mr. WALKER. But it is in the conservation area. I start off as somewhat disturbed by the concept, just from this standpoint. I look upon States and all these local governments as laboratories to try to come up with new and innovative ideas in resource recovery or in conservation.

As soon as you begin writing regulations and as soon as you begin providing Federal funding, it seems to me that instead of having independent laboratories trying to do their own things to save some money, you all of a sudden gear them in specific directions that may lose us a valuable resource in terms of solving overall problems and coming up with new ideas. Don't you see some problems with this?

Ms. SAVITZ. What this program wants to do is try to build in the flexibility you want. Each State makes an assessment of its own energy demand and energy resources that it has, and then tailors the plans to its needs. There are very few mandatory measures that a State or local government has to do as part of the plan.

The States have to run an energy extension service which again they can run to best suit their own needs. Again there is flexibility. They would have to implement the building energy performance standards which again are flexible types of standards, as well as right turn on red, and still consider some other areas.

Flexibility is built in so that the States will have the ability to determine their own needs at the State and local level and tailor the programs to their needs. An important goal of this legislation is to try to build in flexibility.

We would not expect a similar plan from a State such as Florida as we would from, let us say, North Dakota. Each State had different needs, and opportunities.

Mr. WALKER. So as far as you are concerned, one of the elements of the program is that flexibility because of the concern much like the one I have expressed earlier.

Ms. SAVITZ. Yes.

Mr. WALKER. You see, where I get additionally worried about it is the fact that we are tying this to the Energy Policy and Conservation Act. Essentially, they are setting national policy in the energy field. When you look at the record of the Federal performance over the years, it has been a record of constantly tying conditions to that money over a period of time.

Once you establish a program like this, the tendency might well be toward establishing more and more conditions rather than leaving the kind of flexibility in the program that will assure the laboratories are going to continue to work on the Nation's behalf, particularly when you tie that down with Federal money.

When you put Federal money on it, that becomes an incentive for the States and localities to seek the Federal money rather than to seek their own solutions.

Ms. SAVITZ. There is also a matching requirement. The State will have to put up \$1 for every \$5 from the Federal Government. So there is some incentive for them to do things to suit their own needs.

We have to be conscious, both we and the Congress working together, to make sure that new roles are given; that additional resources are given; and that the States effectively implement these programs. One of the problems that we have had recently is legislation being passed; giving States a mandatory role but no funding for them to do it.

Mr. TATUM. We view local governments as very important laboratories. There is a constant stream of local governments coming to DOE looking for seed money, such as small Federal grant to help that laboratory function. This is because of the restrictions local governments have in using their own annual budget and the difficulty they are having these days in raising new revenues.

The early work on the Portland plan, which I cited before, was made possible by a small grant from HUD, from the Federal Government, which was the catalyst to get that effort going. We see the "no strings attached" money in EMPA as having a catalytic effect upon these laboratories.

Mr. WALKER. I do not quarrel with the fact they are coming to Washington for money. The fact is that most of them are solvent where we are bankrupt. That is where I run into some problems too with this idea. The one way they seem to be keeping solvent is coming to the Federal Government and taking some of our deficit dollars in order to assure their own solvency. So I have some problems.

The other point I would like to raise with you is this. I am a member of the Government Operations Committee. We came out with a rather devastating report yesterday with regard to the Department of Energy's leadership in the field of conservation, pointing out that in the past 2 years, your energy usage within the Department itself has increased 2 percent at a time when you have been trying to require other agencies and the private sector and other governments to move in the direction of conservation.

It seems to me for any program of this type to have any chance of success at all, the leadership is going to have to come from the Federal level. As long as that kind of example is being set, there is very little chance we are going to get the local governments and State governments to respond very appropriately. I would appreciate your response.

Ms. SAVITZ. The Federal Government needs to take the leadership role and set an example for others. I think we also have to be careful that we do not say how the local governments have to do it. We should allow their ingenuity to help solve their problems, and provide assistance where we can.

There is no reason that every community has to go through the same process that Portland has. One community can benefit from another's example. This is the idea behind the clearinghouse on community energy efficiency hot line where we have community

representatives answering the questions of other communities. The Federal Government needs to take a leadership role, not only in what it says but in what it does.

Mr. WALKER. Thank you, Mr. Chairman.

Mr. OTTINGER. Let me, before I recognize Mr. Pease, which I intend to do next, finish out our examination of this local government program. I think it is totally unrealistic to start a grant program for local governments for \$5 million a year.

If you open that door, you will find yourself with a quarter of a billion dollars of applications the day you open up. You are going to find yourself in a terrible quandary. The political pressures are going to be enormous. You are not going to be able to satisfy but a small percentage of the needs. You are going to have Congressmen representing those local governments beating down the White House doors.

Therefore, it would be my inclination to start a major program with the local governments if you think that is really a productive source. I do not think \$5 million will buy us much.

Ms. SAVITZ. Besides the \$5 million set aside, as I said earlier, within the bill itself, 10 percent of the \$105 million can be passed through from the State for the local governments unrestricted use. The local governments can also use part of the rest of that State money as required to implement their program.

This will not cause other programs that we have ongoing aimed at local governments or in which they participate to cease. The community energy development program that has been doing pilot efforts such as the comprehensive community energy management program, urban waste program would continue. There are other programs which are different budget items that feed into this system.

Those programs would not cease as the result of this but would continue. The small-scale technology program is open to local governments. When you get the whole pot of money there is more than the \$5 million. One does always have to watch. The small grants program has been a clear example where we have gotten a lot of demands.

We are going to have to see where we can leverage things and where we have done in one community let it be a help to another. This whole transfer of information becomes important so that we do not need to repeat it in a lot of different communities, but we can do it in a couple, and then have them get together to exchange information so that they learn from one another.

Mr. OTTINGER. How much is the Department requesting for the local governments' discretionary program?

Ms. SAVITZ. I am sorry.

Mr. OTTINGER. What was your request to OMB for this program?

Ms. SAVITZ. The total program request was \$110 million. The local government part is \$5 million of that \$110.

Mr. OTTINGER. How much did you request?

Ms. SAVITZ. I think the Department requested \$110 in the fiscal year 1980 budget. We requested \$110 of which \$5 million was local.

Mr. OTTINGER. The Department requested \$5 million?

Ms. SAVITZ. In its fiscal year 1980 budget submission.

Mr. OTTINGER. I must say that that does cause me some concern. I think it is totally unrealistic. It ought to be thought through. I understand that you have these other moneys available to you. I think if there is a grant program for energy conservation and renewables put out there that everyone of my communities is going to want to take advantage of it.

I am going to be put in a position of facilitating the applications from maybe 40 communities within my area that I represent and, if I am lucky, having one come through, and I think you will be faced with that all over the country.

Ms. SAVITZ. Maybe we could encourage some of the communities to work together and be able to consolidate.

Mr. OTTINGER. You do not have the leverage to do that with that small amount of money. I feel strongly if you are going to really embark on this kind of effort you had better mean it; you had better staff up for it and give it a huge push. I would back that. I think in the Tsongas bill there is a very major push that is recommended. To start this thing off at \$5 million I think will be an invitation to frustration. I am very concerned about that.

Ms. SAVITZ. The other thing that one can see as the program goes on, if that proves to be true, we can reassess and return to request additional funding to help meet that need.

Mr. ANTHONY. Would you yield?

Mr. OTTINGER. Surely.

Mr. ANTHONY. Two things bother me along the line of the inquiry of the chairman. One, would the DOE have the capability even if you expanded and passed the \$5 million, assuming the \$5 million is not sufficient, do you assume you would have the capability of administering a much larger direct grant program to the localities?

Ms. SAVITZ. I think we would have to utilize a lot of existing mechanisms. I think there would be ways available to involve the States, as well as the regions. We have been able to do this with the small-scale technology program where we received 12,000 applicants. We had it administered out in the region and had local peer groups review the applications.

As a result, it was not all administered from Washington but made use of local people, both private and public, to help to review so that we can set up those systems. That has worked very effectively.

Mr. ANTHONY. Assuming those systems were set up, then would that direct program go into the localities and run counter to your efforts of trying to establish a State energy program? Do you not perceive some conflicts occurring under that set of circumstances?

Ms. SAVITZ. The States can submit a plan and the plan is supposed to get input from the local governments. I think part of that plan should be a description of how participation by local governments will be insured.

There has to be coordination between the States and local governments.

Mr. ANTHONY. You are saying if the localities do not have their input in the State plan and if it is not put in the State plan, they would then at that point be prohibited from going on their own directly to DOE?

Ms. SAVITZ. No. The \$5 million is set aside for that. As we increase the funds we would have a problem of integrating closely with the State entity that is running the State plan.

Mr. ANTHONY. One other comment you have made and I have looked over your testimony and looked over the analysis of the bill section by section, and I cannot find justification for the comment. You said that the communities can consolidate their requests. That was one of the initial inquiries that I had.

You show that the States can consolidate on a region by region basis, but I cannot find the specific language. If you can, direct me to that language or the section that would permit that.

Mr. POWER. Perhaps I can clarify that. The bill does provide for consolidated applications. One of the sections, 367, provides for consolidated applications. Given the number of different State energy programs that would be brought together in the overall State plan under EMPA, it was felt that this would provide for administrative simplification.

We have had individual categorical State applications with different reporting requirements and so on. These would be simplified and streamlined. In addition, there is provision in the development of the State energy plan for States to work with one another to provide consolidated supply type projections or demand projections where this is helpful to them. There is no specific language in the bill on consolidation by different communities.

Mr. ANTHONY. Mr. Chairman, thank you for yielding to me on those points. I would say that it would appear to me that that is a shortcoming in the bill for it not specifically to say that small communities can consolidate their efforts. I give you a classical illustration of the district I represent; 24 counties in south Arkansas, all have small communities and many of them right now are jointly thinking about putting in some kind of conversion plant using biomass, using all of the renewable resources.

Not one of them standing alone would have the base upon which to do it. If there was a specific shortcoming in the bill, then these communities would by the very nature of the definition be locked out from even pursuing the innovative and creative measures that you are trying to encourage them to go into.

Ms. SAVITZ. A provision to encourage groups participating together on the economies of scale issue would be a good addition to the bill.

Mr. ANTHONY. You are talking about having centrally located plants. You are saying the water problems are less; the air problems are less. I would encourage you to take a look at that. There might be a shortcoming in that part of the bill.

Ms. SAVITZ. That is a good suggestion.

Mr. OTTINGER. The gentleman from Ohio, Mr. Pease, has had a great interest in this subject and has asked to testify. I will recognize him. We will put his full statement in the record. Also he would like to ask some questions.

STATEMENT OF HON. DONALD PEASE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OHIO

Mr. PEASE. Thank you very much, Mr. Chairman. I appreciate this opportunity. Rather than give formal testimony, I am quite

pleased to follow your suggestion of entering my statement in the record and making a few brief comments and perhaps asking some not so brief questions of our panel this morning.

Mr. PEASE. My statement this morning relates to the Energy Extension Service and to the amount of money authorized for the program and specifically to the new concept of a Federal matching grant program tied in with the EES.

As my colleagues will remember, when the DOE authorization was on the floor a week or so ago, I offered an amendment to increase the authorization figure from \$25 million to \$35 million, \$35 million being the figure that the Science and Technology Committee had originally favored, and to use that additional \$10 million for a matching grant program, \$2 from the Federal Government to \$1 from the local government.

Since at the time the authorization bill was on the floor both Appropriations Subcommittees in the House and Senate had acted and agreed on a figure of \$25 million. I did not pursue my amendment to a vote, particularly inasmuch as both Mr. Ottinger, the chairman of the Subcommittee on Energy Development and Applications, and Mr. Dingell from the Commerce Committee advised me that there would be this hearing and others on this whole EMPA idea and a discussion at this point might be appropriate.

At any rate, I am a great supporter of the concept of the Energy Extension Service and I think we ought to give it more money: hence, my suggestion for an additional \$10 million. It seems to me that a challenge grant program providing additional incentives for the States and localities to come up with their own money would be a useful addition to the program. So, if the committee will take that suggestion into account, I will be most grateful.

[The prepared statement of Hon. Donald Pease follows:]

CONGRESSMAN DON PEASE

OCTOBER 31, 1979

9:30 A.M.--2123 RHOB

REMARKS BEFORE THE JOINT SUBCOMMITTEES ON ENERGY AND POWER AND ENERGY
DEVELOPMENT AND APPLICATIONS ON HR 4382, ENERGY MANAGEMENT PARTNERSHIP ACT OF 1979.

GOOD MORNING. I AM VERY PLEASED TO BE HERE TO OFFER TESTIMONY IN SUPPORT
OF ENCOURAGING AND IMPROVING COOPERATION BETWEEN THE FEDERAL GOVERNMENT AND
STATES AND LOCALITIES THROUGH THE VEHICLE OF ENERGY EXTENSION SERVICES.

AS MY COLLEAGUES ARE AWARE, I SPONSORED AN AMENDMENT TO THE DEPARTMENT OF
ENERGY AUTHORIZATION BILL ON THE FLOOR A SHORT TIME AGO TO INTRODUCE THE CONCEPT
OF A CHALLENGE GRANT PROGRAM THROUGH WHICH ANY STATE COULD SEEK SOME OF THE ADDI-
TIONAL \$10 MILLION OFFERED IN MY AMENDMENT IF ITS STATE PLAN PROVIDES FOR FUNDS
BEING CONTRIBUTED BY THE STATE AND/OR LOCAL GOVERNMENTS FOR IMPLEMENTATION OF
ENERGY EXTENSION SERVICES (EES).

SUPPORT FOR LEVERAGING ADDITIONAL FEDERAL DOLLARS THROUGH THE COMMITMENT
BY STATES OF THEIR OWN FUNDS WAS MET WITH ENTHUSIASM BY MY COLLEAGUES DURING
DEBATE ON THE DOE BILL. HOWEVER, I WAS ADVISED THAT THESE TWO SUBCOMMITTEES
WOULD SOON BE INITIATING LEGISLATION TO PROVIDE ASSISTANCE TO STATES AND POLITICAL

THE RECENTLY RELEASED HARVARD BUSINESS SCHOOL REPORT ENTITLED "ENERGY FUTURE" BEARS OUT THAT THIS IS THE CHEAPEST, MOST EQUITABLE SHORT-TERM APPROACH TO REDUCING OUR VULNERABILITY TO IMPORTED OIL. JUST AS IMPORTANT, DOING ALL WE CAN TO STRETCH OUR AVAILABLE ENERGY SUPPLIES WILL PRODUCE RESULTS WITHOUT HAVING TO MAKE REAL SACRIFICES. DANIEL YERGIN, A MAJOR CONTRIBUTOR TO THE SIX-YEAR HARVARD STUDY, HAS CONCLUDED:

"IF THE U. S. WERE TO MAKE A SERIOUS COMMITMENT TO CONSERVATION, IT MIGHT WELL CONSUME 30-40 PERCENT LESS ENERGY THAN IT DOES NOW, AND STILL ENJOY THE SAME OR AN EVEN HIGHER STANDARD OF LIVING."

CLEARLY, INCREASING THE PRODUCTIVITY OF ENERGY USED IN INDUSTRY, HOMES, AND BUSINESSES SHOULD BE CENTRAL TO ANY MEANINGFUL NATIONAL ENERGY POLICY. A GENUINE NATIONAL EFFORT ALONG THESE LINES WOULD RESULT IN NEAR-TERM BENEFITS TO MANY AMERICANS CURRENTLY CONFRONTING SKYROCKETING ENERGY BILLS AND

SUBDIVISIONS WITHIN STATES TO PROMOTE NATIONAL ENERGY OBJECTIVES AND THAT A DISCUSSION OF THE CONCEPT OF A CHALLENGE GRANT PROGRAM WOULD BE WELCOMED HERE TODAY.

ACCORDING TO MY VISION OF THIS PROGRAM, THE FUNDS WOULD BE AVAILABLE ON A FIRST-COME, FIRST-SERVED BASIS. TWO DOLLARS IN FEDERAL FUNDS WOULD BE MATCHED WITH EVERY ONE DOLLAR RAISED BY THE STATE AND/OR LOCAL GOVERNMENTS UP TO A MAXIMUM OF AN ADDITIONAL \$1 MILLION IN FEDERAL FUNDS PER STATE.

THE EES IS NOT A "GENERAL AWARENESS" PROGRAM. RATHER, IT IS INTENDED TO PROVIDE A LOCAL PRESENCE AND PERSONALIZED OUTREACH SERVICES TAILORED TO THE NEEDS OF SMALL-SCALE ENERGY USERS. THROUGH INFORMATIONAL AND TECHNICAL ASSISTANCE SERVICES, THE EES WILL BE THE CHANNEL CONNECTING SUCH ENERGY CONSUMERS AS HOMEOWNERS, TENANTS, LANDLORDS, SMALL BUSINESSES, AND LOCAL UNITS OF GOVERNMENT WITH THE MOST ECONOMICAL AND PRACTICAL CONSERVATION AND RENEWABLE RESOURCE OPTIONS AVAILABLE.

THE FOCUS OF EES EFFORTS IN EVERY STATE IS TO BE ON INCREASING THE CAPABILITY OF SMALL-SCALE ENERGY CONSUMERS TO MAKE AND IMPLEMENT INFORMED ENERGY UTILIZATION AND CONSERVATION DECISIONS. WITHIN THIS BROAD MANDATE, STATE GOVERNMENTS ARE GIVEN WIDE DISCRETION TO DEVELOP AND IMPLEMENT STATE EES PLANS WHICH MAKE MAXIMUM USE OF EXISTING PUBLIC SERVICE DELIVERY SYSTEMS LIKE COMMUNITY COLLEGES, STATE UNIVERSITIES, AND THE AGRICULTURAL EXTENSION SERVICE. HOW STATES FORMULATE THEIR EES PLANS AND WHAT TYPE OF PROGRAM SERVICES ARE INCLUDED IS ONLY LIMITED BY IMAGINATION AND AVAILABLE FUNDS. THESE ARE VALUABLE CONSERVATION-ORIENTED EFFORTS WHICH MUST BE EXPANDED AS FAST AS POSSIBLE. SUCH A COMMITMENT ON CONGRESS' PART TO ENERGY CONSERVATION CAN BE THE KEY TO EES PLAYING A MAJOR ROLE IN THE SUCCESS OF A NATIONAL EFFORT TO INCREASE ENERGY PRODUCTIVITY.

QUITE SIMPLY, WE HAVE TO GET SERIOUS ABOUT ENERGY CONSERVATION AND WE MUST STRESS THE IMPORTANCE OF GETTING THE MOST OUT OF EVERY BIT OF ENERGY WE USE.

DECLINING REAL INCOME. IT COULD ALSO CUT OIL IMPORTS BY THE EQUIVALENT OF 4.4 MILLION BARRELS OF OIL PER DAY BY 1990 AND COULD RESULT IN A NET SAVINGS OF \$230 BILLION TO THE AMERICAN ECONOMY.

A CHALLENGE GRANT PROGRAM IS AN IMPORTANT TOOL FOR STRENGTHENING THE COMMITMENT OF ALL LEVELS OF GOVERNMENT TO ENERGY CONSERVATION. MY PROPOSAL WOULD DO THIS BY ENCOURAGING AND REWARDING STATE AND LOCAL GOVERNMENTS FOR CONTRIBUTING TO EES EFFORTS. IN ADDITION, WE ARE HEARING THE COMPLAINTS AND FRUSTRATIONS OF OUR CONSTITUENTS OVER THE INTRUSION INTO THEIR LIVES OF THE FEDERAL GOVERNMENT AND ITS ACCOMPANYING MOUNTAINS OF RED TAPE. A CHALLENGE GRANT PROGRAM WOULD BRING ENCOURAGING PARTICIPATION IN DECISION-MAKING IN OUR MOST IMMEDIATE UNITS OF GOVERNMENT---OUR COMMUNITIES.

IT IS MY UNDERSTANDING THAT MY COLLEAGUE, MR. GRAMM, IS CONSIDERING INTRODUCING A PROPOSAL THAT WOULD AFFILIATE THE EXTENSION SERVICE WITH THE AGRICULTURAL EXTENSION SERVICE AND ITS ADMIRABLE TRACK RECORD IN FUNNELING

INFORMATION AND VITAL SERVICES TO RURAL AND URBAN AREAS, I SUPPORT ANY PROPOSAL THAT WOULD EFFECTUATE THE MOST EFFICIENT DELIVERY OF THIS VITALLY NEEDED SERVICE TO ENERGY CONSUMERS AND TO IMPLEMENT INFORMED ENERGY UTILIZATION AND CONSERVATION DECISIONS. I SUPPORT THE IMPLEMENTATION OF WHATEVER STRUCTURE WILL WORK THE MOST EFFICACIOUSLY AND BELIEVE THAT IT IS IMPERATIVE THAT A CHALLENGE GRANT PROGRAM IS INTEGRATED INTO THE DELIVERY MECHANISM TO ENSURE THE FULLEST PARTICIPATION OF STATES AND LOCAL GOVERNMENTS.

IT IS MY HOPE THAT THE SUBCOMMITTEE MEMBERS WILL GIVE SERIOUS CONSIDERATION TO MY CHALLENGE GRANT PROGRAM INITIATIVE. THE PROMOTION OF CONSERVATION AND THE STIMULATION OF PRODUCTIVITY ARE ESSENTIAL TO CREATING THE REALITY OF AMERICAN ENERGY SUFFICIENCY RATHER THAN THE ILLUSION OF AUTONOMY IN THE TOO-DISTANT FUTURE. GIVEN THE TREMENDOUS PUBLIC BENEFITS TO FLOW FROM IMPROVED ENERGY PRODUCTIVITY THROUGHOUT THE UNITED STATES, NOW IS THE TIME TO STRENGTHEN THE COMMITMENT OF ALL LEVELS OF GOVERNMENT TO ENERGY CONSERVATION. MY PROPOSAL WOULD DO THIS BY ENCOURAGING AND REWARDING STATE AND LOCAL GOVERNMENTS FOR CONTRIBUTING TO EES EFFORTS.

Mr. PEASE. Now, Mr. Chairman, I would like to turn to a series of questions. I will count on the chairman to let me know if I abuse my privilege.

As I say, I am a strong supporter of this program. Only on Monday of this week I was talking with one of our colleagues who spent part of the weekend nailing up insulation in the roof of his home. He knows how to do that. It is not very hard.

But it occurred to me that there are thousands of unhandy persons like myself around the world who have to be shown which end of the hammer to hold and have to be shown just how easy it is to put up insulation in a roof. It seems to me that if someone is willing to spend \$150 or so to buy the insulation that there ought to be a place where that person can go and get actual one-on-one advice on what to do.

It seems to me that that is one of the great potentials of the Energy Extension Service. For this reason, among others, I support it.

I am concerned about this program compared with the amount of attention that the Congress and the Nation and the Energy Department are giving to other ways of addressing our energy problem, for example, synthetic fuels.

I think it is interesting that for the Energy Extension Service we are talking \$25 million, a rather small amount by Federal standards, and today soon on the floor we will be talking about an Energy Security Corporation to promote synthetic fuels. There we will be talking not about \$25 million but \$20 billion.

Yet, as I recall, the figures are that if we are lucky synthetic fuels may provide the equivalent of 2.5 million barrels per day of oil by 1990 and save us those imports. I have seen figures in a recent Harvard study indicating that we could save 4.4 million barrels-per-day equivalent in fuel by conservation.

Furthermore, the President has a cap of 8.2 million barrels-per-day imports. Now, with synthetic fuels, if they do come onstream, if we do meet that target by 1990, which is highly unlikely in my view, we are going to be getting the bulk of that savings in 1987, 1988, 1989, near the end of the period, which does not do us a bit of good toward cutting down or at least keeping that ceiling on our imports during the early 1980's.

It seems to me that whatever we do with synfuels, conservation is really almost the only tool we have to get very fast effective savings.

Now, that being the case, I must say that I am nervous about the small amount of money and what appears to be a somewhat leisurely approach toward bringing conservation measures onstream on the part of the Department of Energy.

I guess I am interested in knowing, if I can turn to questions, what would you see for the Energy Extension Service? We have \$25 million in this year and that is going to provide about \$958,000 to Ohio. What judgment do you have about whether that amount of money is adequate or not? Do you think that is adequate for a startup program or do you see that as adequate for a continuation program?

What would you see as the trend line for growth in appropriations or at least in DOE requests for Energy Extension Service?

Ms. LIERSCH. I think the question for funding the Energy Extension Service is objective; \$25 million is what the agency requested for fiscal 1980 and I think is a very good amount of money for the States to get started with the program and to build the kind of networks they need for communication between the States and their constituents and to focus on the kinds of technologies and services that are required in each State.

I think that the concept that you have introduced on matching is terribly important when you talk about this kind of service; it is embodied in the Energy Management Partnership Act. We strongly support that.

In the early years, the first or second year, the States need to get their feet wet in order to be able to prove to their legislatures that this is useful work and that the States should support it. I would suggest that 1 or 2 years before the matching would be required and necessary in order for programs to take root.

The Energy Extension Services, as I think you are aware, are subsumed under the Energy Management Partnership Act, so the Agency has not requested a specific budget for fiscal 1981. I would like to point out at this time Senate bill 1775, which is an agriculture and forestry bill, has a section in it requesting a \$50 million authorization for the Cooperative Extension Service (CES) to do Energy Extension Service type work in the rural part of America and for food and fiber production. While I think \$50 million for CES is duplicative of EES the \$50 million for a year's energy expression is worth it.

That is one number that has been used in another context but not necessarily one that I personally, or the Agency, endorses.

Mr. PEASE. Thank you.

Now, you say that the EMPA bill that the administration supports does envision a matching grant program?

Ms. SAVITZ. One dollar of State or local for every \$5 of Federal money.

Mr. PEASE. Does that specifically apply to the Energy Extension Service?

Ms. SAVITZ. It applies across the whole appropriations bill not only for the Energy Extension Service but any kind of State planning for their implementation of standards. In carrying out the bill, there would be that amount of matching.

Mr. PEASE. Do I understand if Ohio is eligible for \$958,000 in fiscal year 1980 under the statutory formula that Ohio would have to come up with one-fifth of that amount in order to collect the \$958,000?

Ms. SAVITZ. Yes.

Mr. PEASE. Assuming the Extension Service is going to come onstream, can we afford to wait until the States spend a year or two figuring out whether it is going to be all right or not and spend another 2 or 3 years cranking up the appropriation? Do we have that long?

Ms. SAVITZ. All States were given some sort of planning money and money to follow the progress of the 10 pilot States so that they would be prepared to move quickly when they received funding for their own EES programs. We have been giving them that support

for the last 2 years. They are now putting together their plans and they should be ready to get off and running this fiscal year.

Also, we have learned a lot from the pilots that can help them in their plans.

Ms. LIERSCH. We found in our experience with the 10 pilot States that once their grant is awarded, they have a very good outline of exactly how they will proceed. It takes about 6 months of a startup pace before they get to a steady state of delivering service.

Mr. PEASE. Let me ask you how you envision the future of the Energy Extension Service. I don't have a handle on how many Energy Extension agents, or whatever one could use, whether it is one per county in the average State, or 50 per county, or whatever. I would hope that you have done some thinking about that.

Let us say that the preliminary stages are through and the States are used to the program, they know what it is and they want to cooperate, at that point how big a program makes sense for the Energy Service? Could we spend \$100 million on it, \$1 billion, or would that be throwing money away?

Ms. LIERSCH. One of the major focuses of the program is that the regulation and the legislative history have emphasized is that the States use existing delivering mechanisms which are appropriate to the target audience which the States want to reach. If they want to reach the agricultural community, they would use the Cooperative Extension Service which already has agents in the field. If they want to reach teachers at the junior high school level, they will work with school teachers.

The emphasis in our regulation and management of the program is not to hire lots of folks in the States but to use people who are already out there and, in other words, subcontract the services delivery. It has proved to be very successful. Needless to say, some organizational difficulties occur in the management of the program between the State energy office or the State land grant university and the delivering organizations, but it has proved to be pretty successful, I think.

Mr. PEASE. I appreciate that. I don't think I have made myself quite clear. If I am going to build a house and I go to a builder, he will say, "If I use one carpenter it will take me 4 months to do it. If I use two carpenters it will take me 2 months to do it. If I use three carpenters I can do it in 6 weeks.

I say, "How about if I have 100 carpenters?" He says, "Save me. I don't need 100 carpenters. They will be falling all over each other."

You reach the point of saturation where you cannot effectively use more.

In the Energy Extension Service, where do we reach the point where anybody who possibly wants information about hands-on information about conservation can get it and other people would just be wasting money?

Ms. LIERSCH. That is a tough question to answer in a general way because the situation is very different, particularly in population dispersions across various States.

Mr. PEASE. I don't think it is so blue sky as you might think. I want to tie this back into your earlier response regarding the States. You let the States decide how they want to spend the money, whether they want to target junior high school teachers or

citizens. Sure, it is a State program and we want to use mechanisms that are existing in the States. That is desirable; but what we are really dealing with here is a national energy policy, a national energy problem that Congress has the responsibility for. If we are going to save 4.4 million barrels of oil equivalent per day, or even 1 million barrels per day oil equivalent by 1990, we have to set some targets. We ought to have some figures that if there are 50 million homes in the United States, of which, based on the year of construction and so forth, 45 million need some energy conservation improvements, if that is the case, how many people can an Energy Extension Agency see in a given year?

You do some dividing. You figure out you will need x number if you are going to hit everybody, and it will take x number of dollars. Are you doing that sort of thing?

What I am worried about is that we say, "Right, energy service is a neat idea; let us appropriate a little money for that and let the States pot around with it;" maybe the States are reaching 1 percent of those people who could reasonably be served, but the program is going well and we see it is going well. So we will add 20 percent to their appropriation next year instead of a cost of living increment, and that will encourage them to move along.

At that rate it will be three centuries before we get all the homes insulated. I don't see from what you have said that you consider that an Energy Extension Service is a really major important component in meeting our conservation goal.

Ms. SAVITZ. I think it is a very important component but it is not the only component that we are using. Take, for example, the housing market; we do know the targets of how many houses need more insulation and where they are located. There are additional means in addition to the Extension Service to help those. One is the Residential Conservation Service, where the utility company is required to prepare the audit.

So that type of funding can be provided by another delivery mechanism. I can see the Extension Service coming with the idea of teaching people how to put in insulation. Running a clinic is something where the Extension Service could help. You don't need a one on one as much as you could have it at your local PTA or local community meeting. The Extension Service may arrange for a contractor to come and demonstrate insulation practices. They don't need to have all the expertise as much as they can be a facilitator to make things happen.

It is important that technical assistance be given to an individual, or a small business person; that is the aim of the Energy Extension Service. I think it can do a lot of leveraging. It has to make sure it addresses those targets.

Ms. LIERSCH. In the case of the 10 pilot State programs, it was flat funding to every State because we didn't know which States would be chosen. We had a situation where in Pennsylvania the \$1.5 million grant was the equivalent of approximately 45 cents per capita, whereas, in Wyoming it was more like \$4.50 per capita. Each State used its grant to the maximum. Obviously, in the State of Wyoming they were reaching a far higher percentage on a per-capita basis than they were in Pennsylvania.

I think that the emphasis is in the quality of services that are provided and we have emphasized that the States have carefully target the grants. In the State of Michigan they target part of the EES pregnant it to 10 southwest counties, which was their way of compensating for the fact that they could not use the money to blanket their entire State.

Mr. PEASE. That is exactly my point. What I am trying to get out of you is your judgment of the amount of money that could be efficiently and productively used so that the States do not get to pick a narrow target for lack of money.

Ms. LIERSCH. I don't have the analysis right now that would really support a claim, but I would be happy to go back and take a crack at it.

Mr. PEASE. I wish you would do that and supply the information to me, because I do want to pursue this. Obviously, I think it is a good idea. I would be willing to try to get you the money that you think you need to do the job the right way.

Ms. SAVITZ. We appreciate your support. We will get that information for you.

Mr. OTTINGER. We would like that information for the committee as well.

[The information follows:]

Question. Amount of money necessary for effective and productive use by States, so that States do not have too narrow a target for lack of money.

Answer. After considering what funds were required by the Energy Extension Service (EES), the Department of Energy believes that \$25 million is the appropriate level for FY 1980. In 1981 the Department of Energy will not be proposing a separate budget item for the EES. Instead, the Department will include funding for EES in the proposed Energy Management and Partnership Act (EMPA) program. The Energy Extension Service will be a required activity under EMPA.

Under EMPA, the States will decide what portion of the EMPA funds should be used for the EES. The Department of Energy does not wish to prejudge what the States may estimate as their EES requirements.

In discussing future budget requirements for the EES, it should be recognized that EES does not represent the sole energy outreach program. Some of the audiences served by EES under its pilot program will now be served by new programs which were not implemented at the time of the pilot program. The Schools and Hospitals program will be providing services to portions of the local public institutional target audience. The Residential Conservation Service will be providing detailed energy audits through utilities to residential consumers. The EES is working with these programs to coordinate services to these target audiences.

Mr. PEASE. I would like to discuss with you for a few minutes the diversity of programs within the State. Was it 15 pilot States?

Ms. SAVITZ. Ten.

Mr. PEASE. You are encouraging people or States to pick a variety of projects so that you can get some experience. I think that is good. I understand that earlier you said that you encouraged the States to use existing mechanisms, and I think that is good also. I am a little concerned that in allowing diversity we not encourage States to waste time experimenting on what they want to do, that we not encourage them to be top heavy with bureaucracy at the State level, as opposed to getting the people out in the field helping someone put in insulation and telling them how to do it; and that they try to avoid public awareness problems where the State sets up a new XYZ conservation effort and they have to spend half the money in 4 or 5 years getting the public to be aware that there is such a program.

Can you tell me what your experience has been so far and what you hope to do in the first full fiscal year 1980 to avoid those sorts of pitfalls?

Ms. LIERSCH. I would be happy to. We have been working with the evaluation results on the first year of operation of the pilot program. We are aiming toward setting standards which we would hold up to the States to avoid some of the pitfalls that occurred in the experimentation process. I think the good feature of the pilot program is that when States ran into difficulties in setting up their programs we didn't rap their knuckles but rather tried to either change the people targeted or change the services in order to attract people to services. That was the experimental nature of it. We published our results in a three-volume evaluation report, and have summarized it for the State managers, so that they could internalize the lessons learned.

I think, in answer to your question about the 40 new States and six territories that are embarking on Energy Extension Service that they are not going to have to go through some of the same painful learning experiences. The kinds of criteria set up for the States in their planning emphasize the quality of services, assure that they target the specific group of constituents they want to reach, and have the technical support services to back up those services.

Mr. PEASE. In the 10 States that have done pilot programs, have any of the States used either the Agricultural Extension Service in the State specifically as a delivery vehicle, or the land grant colleges generally?

Ms. LIERSCH. Yes. Eight of the ten pilot States use the Cooperative Extension Service in one way or another. In the State of Wisconsin, the University of Wisconsin Extension includes many extension programs (engineering, agriculture, and so forth) and is managing the EES program, with policy oversight from the State energy policy office.

In other States the Cooperative Extension Service has received a big chunk of the money to deliver services to a specific target audience. That occurs, for instance, in Connecticut.

In the State of Alabama there is a demonstration program going on that is run by the Cooperative Extension Service which provided traditional target audiences with agriculture energy information.

Mr. PEASE. I am encouraged to hear that. Has the experience of the States that you have evaluated in using the Cooperative Extension Service been good enough that you would be encouraged perhaps to require that vehicle in the States as well?

Ms. LIERSCH. Certainly, when a State wants to deal with food and fiber production or wants to reach a target audience that is primarily rural, you can't beat the Cooperative Extension Service. I fully expect that new States coming on line will utilize the Cooperative Extension Service, where it is a relevant delivery mechanism. But the Department of Energy will not require the Cooperative Extension Service as a delivery mechanism.

However, when you get out in the Midwest in many cases the Cooperative Extension Service and land-grant college have been selected by the Governors to be the prime mover.

Mr. PEASE. That is good. I am really lending my support in asking this question to my colleague, Congressman Gramm, who is very much interested in using the Agricultural Extension Service. That service has a fantastic record of success over the years and despite its association with agriculture in the public mind, it has in the last few years moved out into other areas. They provide home-maker services, for example, for a lot of urban people as well. Since they are all set up and they know how to do it and they are efficient, it seems foolish for me to set up a different organization altogether with the attendant problems of public awareness and so on.

This is a little technical question: What changes does EMPA make in the Energy Extension Service? Is it anything other than an umbrella organization?

Ms. SAVITZ. EMPA would establish an umbrella and consolidated planning apparatus, but it would not necessarily change the Extension Service way of doing business. We would make it easier for the State to make one application, as opposed to three or four different ones.

Mr. PEASE. Who now has the responsibility for making the Energy Extension Service program and who will under EMPA?

Ms. SAVITZ. Judy Liersch is the Director of the Energy Extension Service and she would remain.

Mr. PEASE. Good.

Finally, Mr. Chairman, and I do very much appreciate your indulgence, I would like to report something that your boss said Monday night at the White House, and see if you can give me a reaction to it.

Your boss, Charles Duncan, made a very strong pitch for creation of an Energy Security Corporation to distribute \$20 billion or so in the pursuit of synthetic fuels. He said it is extremely important that we follow this private corporate route so that we don't have to deal with civil service requirements and ethics-in-government requirements and freedom-of-information requirements.

Do you think you can mount a successful conservation program burdened by all of these requirements?

Ms. SAVITZ. I think we can. A successful conservation program is not going to be managed just by Federal Government employees; it will be mounted by every individual in this country taking some action and finding that information out through such mechanisms as the Energy Extension Service. If we can get the cooperation of everybody, I think it can happen.

We are talking about technologies that are here already, where we need to market them.

Mr. PEASE. Thank you. That was a somewhat mischievous question.

I might say, I was taken aback by the Secretary's implication the other evening that the Department of Energy, which does have civil service employees and is subject to ethics in government and freedom of information, cannot perform as well as a private corporation which does not have those, but perhaps you will come around.

Ms. SAVITZ. Some people who have tried corporations say they have as much bureaucracy as we do. I think it varies.

Mr. PEASE. I will agree on that very much.

Thank you very much.

Thank you, Mr. Chairman.

Mr. OTTINGER. Thank you for your interest and your contribution.

I have a few more questions here.

On this aid to local governments, have you tested the market at all? Have you gone out to local governments and ascertained at all what their interest is likely to be?

Ms. SAVITZ. In the building community assistance program we have had a comprehensive community energy management program where we have 17 local entities varying from small cities to Los Angeles County, preparing urban planning and implementation plans. When we initiated that program 2 years ago, we had 135 responses, so there is a lot of interest and that program has moved along very well in the year and a half.

There are other activities such as the study of 12 cities and their analysis of counties as to what activities are going on and what more could be done.

We have a major energy task force that is looking into local roles. Every time we have gone out with a solicitation to local communities there has been a lot of interest.

Mr. OTTINGER. How did you arrive at this \$5 million figure; was it taken out of the air?

Ms. SAVITZ. I, myself, do not remember how that was done.

Mr. POWER. We had a constrained budget with which to work. You might remember that the administration had previously proposed legislation called the State Energy Management and Planning Act. That act did not give much attention to local governments.

After the 1978 SEMP hearing we realized that we needed to give more attention to the local government role. I think that the EMPA does begin the process of giving a proper amount of attention to local government. The different ways that local government can participate, as Maxine mentioned, in the up-front planning of the State energy plan; the passthrough moneys which can be up to 10 percent of the \$105 million; and the fact that many of the activities that would be in the State energy plan, for example, the implementation of the building energy performance standards, would likely be done through local government.

There is a stipulation in the bill requiring that an adequate amount of the overall funds be provided to those entities which would have responsibility under the legislation. The \$5 million special projects fund is obviously seed money for highly innovative projects that would have a lot of leverage. If we had more money, I think we could usefully spend it.

Mr. OTTINGER. We are going to invite—we don't have to invite them; they have already knocked on our doors—the associations of mayors and counties to advise us on what they feel their needs are. I have a strong interest in seeing how things actually operate. You might want to comment on this.

The big emphasis in this legislation is getting the States involved. In my own area of New York, which is all I can really talk

about with any authority, State and locals are in a constant state of tension rather than cooperation.

What you find when you funnel money through the States is that the States have a big bureaucracy and set up their own rules and regulations, so that a relatively little amount of money that is intended to do things actually gets there.

It pains a local community to have to go through not only the Federal regulatory procedure but also the State regulatory procedure. The State does not add very much.

In looking at this legislation, I just wonder, it would be beautiful if the States could really handle this. Are we not better off in terms of the utilization of the Federal dollar in getting it to where it is going to be used, getting the money that is needed to renovate schools and hospitals, without going through layers of government along the way, getting the money needed for local government functions to them, and have them do it?

I am very leery of this whole framework. It is going to provide a tremendous amount of money to get the States into this act. I wonder what they are really going to contribute.

Ms. SAVITZ. It is a partnership. One of the things that this legislation does is require input from the local level to the State plans. That participation is essential. The schools and hospitals program represents the alternate approach. In this case, the Federal Government is going to be giving out 30,000 awards at the local level, which means a lot of management resources. The same thing would occur if we dealt individually with every local community.

It becomes very important for us to make sure that a local government role is included in the State plans. Again, I feel that for things to happen it will be at the most local level and grass-roots that one can get.

We are aware of the problems. Certain States have more tensions than others; and State elections may lead to changes. So, we have to make sure that these problems are in some way taken care of, so that a local entity is not frozen out just because there is a political difference. We have to be very careful to make sure that at least 10 percent of the money goes to the local governments?

That money goes unrestricted. Much of the remaining 90 percent will be used for the implementation of the plan. If they are implementing a building code at the local level, a certain amount of the money that is given to the States for the building performance standard implementation would have to go to the local level.

Mr. OTTINGER. Why should it be no more than 10 percent? Why limit it to 10 percent?

Ms. SAVITZ. Ten percent is not a maximum at all; it is a maximum that goes through unrestricted; there is no control over it; the rest would have to be determined on the basis of what the plans are and what government level is actually going to implement them.

Mr. OTTINGER. It says no more than 10 percent.

Ms. SAVITZ. For unrestricted; that means that local government could get the money not being tied to the State mandatory provisions.

It is 10 percent unrestricted but much of the rest is available for passthrough, depending on the plans and the projects. Ten percent

goes to the local governments and 90 percent to the States. But some of that 90 percent would go from the States to the local government—depending on their level of involvement in implementing the State energy plan.

Mr. OTTINGER. You have a lot of different kinds of local governments. You get an entity like the city of New York; they are probably well equipped to establish their own program and everything else. Maybe the most sensible thing for the State to do with the city of New York is to pass through 80 percent and 90 percent of this money and let them administer it.

Ms. SAVITZ. They would be allowed to do that.

Mr. OTTINGER. Assuming that the local government plan is consonant with the State plan, then they ought to be able to get additional unrestricted?

Ms. SAVITZ. They can do that. Maybe we need some further clarifying language under section 359, where we say that 10 percent of the funds allocated to States in excess of the fund can be given. We can give some more clarifying language.

Mr. OTTINGER. In section 359(a) it says that 60 percent of this is used for program support and for administration. Isn't that much too high for administration? How is the 60 percent arrived at?

Ms. SAVITZ. It is just that 60 percent has to be used for conservation and renewable resources and energy emergency measures. That is the floor. In some States where they are going to do something for coal, depending on the resources, they could use some of that money for how they might assist impacted areas, to do local planning where there are new generation facilities. That says 50 percent of the floor for those areas, and the other 50 percent could be used for other energy planning.

Mr. OTTINGER. You mentioned in this section they could use some of the money for conservation to build new generating plants?

Ms. SAVITZ. Not to build; new plants, but to conserve. For example, a given State may not be using its existing energy plants efficiently; a lot of heat may be wasted. The State could use some of that money to plan how to use some of the waste heat for, say industrial uses.

Mr. OTTINGER. I think that has to be clarified. I am concerned about that.

One of the things that really is worrisome gets back to the theme I have mentioned before. You have to recognize the political realities to provide this pile of money and say the States are going to administer it. The State program is likely to become a great source of patronage appointments for the State. I am concerned about the States using these funds to build up a bureaucracy and make appointments which make the Government look good and not having this money actually get out to perform the functions that are intended.

Ms. SAVITZ. We would not want to see that happen. There are many States now with good energy programs. This is not uniformly the case. We will be happy to work with people on your staff to clarify this language and make it clear that this 60 percent is a floor, and that the 40 percent is not for administrative but for other types of programs that could be conservation and solar, but

also could be other activities, depending on the needs of the States and the local government.

Mr. OTTINGER. Conservation oriented—that is another thing that concerns me. As a part of the State plan, I did not understand that, the States have to submit “a description of State energy supply, projections of sources and amounts of energy supply, categorized by type of fuel, produced in the State which will be used in the utilization, a projection of the need for electric power generation facilities.”

What is all that in the conservation program?

Mr. POWER. Mr. Chairman, what we are trying to do, and I would like to step backward just a minute, to explain a bit more of the philosophy of the legislation. It is intended that this legislation provide the stimulus to have an understanding of the energy situation in the State and encourage the beginning of an understanding at the local level. Therefore, it does set forth a requirement for supply and demand planning. It sets forth a procedure which exposes these plans to discussion and debate. It requires that the State identify the major sectors of energy consumption and what they intend to do to provide for resources to meet these energy needs.

I think this is a very important development because I think if we tried to handle everything from a national level we have a procrustean type of approach where some States have a need for—

Mr. OTTINGER. You want 50 procrustean approaches?

Mr. POWER. There is a stipulation here that the States have to set forth a procedure for local governments and public interest and Indian tribes to participate in the development of a State plan. For example, New York City uses about 45 percent of the total energy in the State of New York. Obviously, a plan for the State of New York couldn't be very representative of the State situation if it didn't have close contact with the city of New York in the development of an overall energy plan, and in implementing the State energy plan.

What we did is say that we are going to bite the bullet and have the local jurisdictions take more responsibility. We will try to give them the resources to study and understand their situation.

I think that our State energy conservation grant program has gone a long way toward giving States a capability for understanding the energy situation and beginning to do some things that have been helpful.

This framework is a block grant approach with some minimal categorical stipulations, such as the implementation of the building energy performance standards, and the mandatory requirement for an Energy Extension Service activity.

Mr. OTTINGER. I have no problem with that. My Governor has a really grandiose scheme he is trying to sell to the northeast Governors. He would like to sell appropriations for research and development demonstrations, energy resources. He wants \$100 million in Federal loan guarantees to finance it. Is that what is contemplated, that we are going to assist with in the conservation bill?

Mr. POWER. No. That, I think, would be exposed to considerable public debate. However, in this bill, we would like to see what the

States' projections for the need of electric power would be. We would like to match these with their projection of demand and what they could do to reduce this demand. In the past, one of the problems has been that there has not been enough scrutiny of the projections of need for electric power. This is a State responsibility.

Mr. OTTINGER. We already get that information, it seems to me; at least the Department of Energy publishes it with respect to existing generation facilities, their adequacy to meet the State and regional needs.

Why have the States duplicated that?

Mr. POWER. If you will permit, I will explain the process by which the investment in new electric generation capacity occurs. It is a process in which usually the public service commission determines the need for power. This is a State responsibility. When the public service commission does that, usually it is based on a utility company's forecast of demand. If the public service commission has a staff, they can review and make a judgment as to whether it is overly pessimistic or optimistic, and whether or not the capacity is really needed.

That capability has existed and been exercised in varying degrees in the States. It is not a Federal function to determine State need for power.

We would like to see the States develop a better capability to develop more accurate forecasts of the need for electric power. This legislation does not force the Governor or the State energy office to do an independent forecast.

Mr. OTTINGER. It says here, "a projection of the needs for electric power generation facilities and a description of the major actions, together with a schedule for such actions, which the State anticipates will be required to make available such facilities and assure timely selection of sites for such facilities," which give me a bit of worry too.

Mr. POWER. This could be biomass plantations. It could be wind.

Mr. OTTINGER. It can be a nuclear plant?

Mr. POWER. That is correct. This does not say what it is. We are saying to provide a projection of the need for electric power. This is a projection that can either show that, in fact, there is a tremendous potential for conservation or it can show that, in fact, a State or a region has not provided for the electric power that it will need. The State needs to address the question of whether this supply is to come from OTEC, wind, coal, nuclear, or what have you. If it appears that a State is going to have a certain amount of electric demand, the State needs to either look at ways to reduce that demand through conservation or provide for additional facilities.

Mr. OTTINGER. What does it mean, they are going to assure Congress on the selection of sites for such facilities?

Mr. POWER. The language there indicates the concern about the need to plan ahead. I think there is a concern that it takes a great deal of time to plan and to bring on line facilities.

Mr. OTTINGER. What does that have to do with conservation?

Mr. POWER. This does not necessarily have to do with conservation, but it could be a spur for conservation. I think that the fact that we are spending about \$500 million a year on the devices and structures that affect the need to use energy is very significant. It

shows that we spent 10 times more last year on the devices and structures that affect the use of energy than we did on all the oil and gas extraction, petroleum refining capacity, electric generation capacity additions, and coal mining additions.

So, what we are saying is that even on the demand side there is a need for planning. This merely reflects that on the supply side there is also a need for planning, that the evolution of the capital stocks, both in terms of those that use energy and those that supply energy, requires the State to get its planning in order.

Mr. OTTINGER. It seems to me there are other folks worrying about that mightily. In this conservation-oriented bill this is out of context.

Mr. POWER. When you are looking at the projection of your electric demands, also to say instead of meeting this demand with another plan, we can meet this through conservation activity.

Mr. OTTINGER. That is where I think your efforts ought to be devoted.

Mr. POWER. When they are forecasting for 5 or 10 years out, we can see we don't need capital for that. It will take less capital to go into retrofitting all the buildings.

Mr. OTTINGER. There is no requirement that this be considered. They talk about electric power generation.

Mr. POWER. They can look at that for any kind of alternative sources and strategies.

Mr. OTTINGER. That is quite right.

Mr. POWER. One would expect that renewable resources and conservation would be two of the things they would consider as ways of meeting those demands.

Mr. OTTINGER. What on Earth leads to that speculation? There has been none of that in the past. The orientation has been that the public utilities and public service commissions build more and more plants. We are beginning to look at alternative scenarios. It seems to me from our conservation standpoint that is where the focus ought to be; it should be drafted so that they look at the things they should look at.

Mr. POWER. One rule says if they do these projections, they should examine the alternative of using renewables.

Mr. OTTINGER. That is required, to look at their waste health problem, to look at their garbage conversion possibilities, look at their renewable resources, look at their wood supply in the State. Then maybe we can draft something that makes sense from the standpoint of what I consider sound. But for them to tell us how you are going to plan the next nuclear plant does not seem to me to be appropriate within a conservation bill context.

Mr. POWER. I think one needs to look at one's total demand, and see what one's options are and give high priority to substituting.

Mr. OTTINGER. I feel rather strongly it ought to be inserted. Have you provided money to the States particularly to perform these planning functions?

Mr. POWER. Yes.

Mr. OTTINGER. Where is that provided? How much money will be available for planning?

Mr. POWER. It is not broken down as such, but under the authorization for the—

Mr. OTTINGER. In section 353a the Secretary is authorized to provide financial assistance to assist States in the development, implementation, or modification of a State energy plan.

I wonder how you break down the funds? How do you contemplate funding that?

Mr. POWER. The way this would work is that the State would be given an initial grant, with which the State would prepare its plan. The bulk of the moneys under EMPA would go to implementing the State plan. The initial plan would probably take approximately 1 year to develop. Once it is set forth, the money provided here would go to the implementation of the conservation plan, the renewables plan, and the mandatory provisions.

A supply and demand forecast would be required of each State.

Mr. OTTINGER. How much of the \$105 million is planned to go to the blank fund?

Mr. POWER. The amount is not determined, because the States would continue their existing State grant program, which currently would consume a significant fraction of the funding.

Mr. OTTINGER. Can we get that in the record?

Mr. POWER. Yes, we will provide that.

[The information follows:]

	Fiscal year 1980	Fiscal year 1981
SECP	47	47
EES	25	25
EMPA	0	110
Basic Grant	0	¹ 105
Special Project	0	5

¹ Up to \$33 million could be used for initial planning, while continuing the existing process at their present levels.

Mr. OTTINGER. What do you contemplate that the relationship between these EMPA programs and regional solar centers might be?

Ms. SAVITZ. The regional solar energy centers are to be the technical dissemination part for a lot of solar technologies. They would provide a resource to the local community to get technical information on technology available. They would also be able to assist the communities in developing regulations to encourage solar, removing barriers. We see them as a sort of arm of technical assistance available.

Mr. OTTINGER. How does that relate to the Extension Service activities?

Ms. SAVITZ. The Energy Extension Service is under the State and there is coordination there at the State level. The Extension Service is presently working out its relationships with the regional solar energy centers. One has emphasis on solar assistance, the other more on conservation.

Mr. OTTINGER. Should we not provide that as part of the plan we have the States do, they work out that relationship?

Ms. SAVITZ. One can do that through our rulemaking which will require coordination among all our programs. We have had Exten-

sion Service and Residential Conservation Service. People sit down to insure coordination of these programs.

Mr. OTTINGER. I think that is important to get a coordinated effort going.

Ms. LIERSCH. In the planning guidance that went out to regional centers when they developed operating plans for 1980, they were asked to expressly and specifically account for the coordination mechanisms with the Extension Service and their service area. The Residential Conservation Service regulation again has a section in it specifically requiring coordination with the regional solar energy centers.

Mr. OTTINGER. Secretary Duncan said he was going to try to make these centers a conservation effort. That will involve a substantial outreach. We will see if they can't administer some grant programs. It is clear that those things have to go along in some harmony if they are going to be effective.

It seems to me maybe those regional centers ought to be educating the people and the Extension Service on what the reality of solar energy potentials in that particular region is.

Ms. SAVITZ. They should also under this be educating the local government and be working with them.

Mr. OTTINGER. Are there any substantial changes in the way the Energy Extension Service operates contemplated under EMPA?

Ms. LIERSCH. The level of effort under EMPA for the Energy Extension Service will be at the discretion of the State, Mr. Chairman. The States will have had a year or so experience with the Energy Extension Service and we would submit that where the State Energy Extension Service is performing useful outreach services in conservation and renewable resources, that those State Energy Extension Services would be continued under EMPA.

Mr. OTTINGER. Are there similar coordination problems with the Residential Conservation Service that ought to be addressed somehow?

Ms. SAVITZ. I think that the Residential Conservation Service clearly identifies that the agent for delivery of the service is the utility company. The States have a major coordinating role. Under EMPA, the State plan will embody the Extension Service, Residential Conservation Service and other programs. This plan will help the States to coordinate their efforts.

Mr. OTTINGER. There is a provision here that I did not understand at all. On page 24, 361g4 does not seem to make any sense at all:

No funds provided to a State under this part shall be expended—

First, to pay the costs of any construction or the purchase of real property.

Second, to pay all or any portion of the purchase price of equipment, except office equipment.

Third, to subsidize fares for public transportation.

Fourth, for such other purposes as the Secretary may proscribe.

This means that the Secretary may proscribe additional categories of expenditure for which no funds provided the State can be expended; is that what it means? "provided to the State under this part shall be expended for such"—I see it.

Ms. SAVITZ. Capital equipment.

Mr. OTTINGER. He can add other categories?

Ms. SAVITZ. Yes.

Mr. OTTINGER. I wonder if you will comment on this bill, if you have had a chance to look at that, on the difference between the Tsongas bill and your approach, whether he has any ideas there that might be adopted?

Mr. TATUM. Is that his community energy efficiency program bill that you have there?

Mr. OTTINGER. That is a part of it.

Ms. SAVITZ. Or his Comprehensive Energy Management Partnership Act discussion draft?

Mr. OTTINGER. With respect to both.

Ms. SAVITZ. The CEMPA discussion draft is very similar to the EMPA. The major difference is that the Tsongas version provides a different local government provision, funded at \$20 million per year, in place of EMPA's special projects fund which is funded at \$5 million.

Mr. TATUM. Senator Tsongas' version also adds funding for a national information clearinghouse which our bill does not incorporate at this time, but which we are studying. It specifically creates a category of documentation grants which I alluded to in our earlier testimony. Under EMPA, we would use our \$5 million to do some of those types of grants, to leverage nationally the Portland situation or other local government situations to the maximum extent feasible.

Senator Tsongas' bill does create specific authority for us to give those grants under his version of the bill.

Mr. OTTINGER. Do you favor that?

Mr. TATUM. It would be very helpful to the Department. Right now, we do it on an unsolicited proposal basis, as does HUD. Where we have discretionary funds in small amounts, we try to provide that kind of funding to get the leverage out of these unique experiments. The clearinghouse idea would be a great help. Again, using our discretionary funding, right now, we work with the National League of Cities and the U.S. Conference of Mayors through their existing channels, the Council of Local Energy Officials, to try to leverage as much of the information as we can and keep it moving. There has been an increase in demand for this information over the past few months since the Iranian crisis. The Presidents Clearinghouse on Community Energy Efficiency hot line which we put into action about 30 days ago is another attempt to do the same thing. We are up to 60 calls a week and according to a briefing I had yesterday from local officials, both administrators and elected officials are calling in to get information on conservation and renewable resources.

Mr. OTTINGER. Is there any facility allowing the States to know what is being done in other States by the Energy Extension Service?

Ms. LIERSCH. There is technical assistance service that DOE provides called info EES. Every month a package of materials is sent to the State EES liaison and State energy conservation plan manager, which is material screened from government documents, periodical literature, and information from the private sector. We also include what States themselves have produced and sent to us to disseminate to the other States. The information network is becoming

ing more attractive to the States to learn from each other's efforts and not reinvent wheels, where possible.

Mr. OTTINGER. What about the Senator's other bill?

Ms. SAVITZ. The administration is still studying the community energy efficiency program and has no official position on that at this point. We are very seriously looking at it and having discussions within the administration and with OMB.

Mr. OTTINGER. Do you have an unofficial viewpoint?

Ms. SAVITZ. Not at this point.

Mr. OTTINGER. If you get that before we get to the markup, please submit it.

As I understand it, we have received an annual operating plan for conservation, not for solar.

Ms. SAVITZ. You have received drafts for conservation. The solar one is still in process.

Mr. OTTINGER. How soon can we anticipate that? We are already in the fiscal year concerned. We have also asked OTA to do a study and they need those benchmarks.

Ms. SAVITZ. I will get you a date as to when the solar one—I saw an earlier draft 2 weeks ago and there is still some work that they have to do on it.

Mr. OTTINGER. How about the multiyear plan?

Ms. SAVITZ. We have given multiyear plans also for all the conservation programs.

Mr. OTTINGER. Mr. Spensley?

Mr. SPENSLEY. The multiyear plans are updated every year. We have the fiscal year 1979 multiyear plan.

Ms. SAVITZ. We did new multiyear plans this past summer, 1978, 1979, 1982. The operating plan is the updated version. I guess the industry and building program last year had some multiyear plans, but not everybody. Everyone has done a multiyear plan over this past summer.

Mr. SPENSLEY. So that the goal you assembled for us in draft has the multiyear plans for conservation and not solar?

Ms. SAVITZ. Right. You should have both the multiyear plan and the annual operating plan for all the conservation programs. If you don't, let me know and we will get you copies. We will get the solar components to you as soon as they are done.

Mr. SPENSLEY. If I understand the EMPA legislation, all of the sections 355 through 359, have to be satisfied before any State grant can be given, unless the Secretary waives any of those provisions. If that is the case, are there any States today that you believe would qualify under the proposed EMPA criteria?

Ms. SAVITZ. I would think that there would be States. In Minnesota, Massachusetts, California, Texas, a lot of effort has gone on already.

Ms. LIERSCH. You mean States already satisfying the requirements?

Mr. SPENSLEY. In other words, the concern of some of our members may be that because the Energy Extension Service pilot program was relatively successful in its activities this past year, whether any of those activities will be halted if this legislation becomes enacted until they comply with the full provisions of EMPA.

Ms. SAVITZ. There is a specific provision in there for continuing EPCA and EMPA and Extension Service until programs are adopted. There is a provision there to make sure that nothing gets stopped.

Mr. SPENSLEY. Assuming that the bill is not passed this year, would you expect that a specific line item in fiscal year 1981 would be provided for the Energy Extension Service?

Ms. SAVITZ. Yes, we would. We would hope that this bill would get passed so that we could get on with the consolidation to help State and local governments. It would be handled the same way we handled it in fiscal year 1980, which would mean that some crosswalks between existing National Energy Act programs would not get funded.

Mr. TATUM. We would encourage a markup this fall because it would help us fast track the regulations pertaining to the local government portion of the bill. This would help those governments in the near term, instead of in the 1981 budget.

Mr. OTTINGER. That is a sensitive word at the moment. I think we are disposed to do that. As I understand it, the Senate has not had a hearing.

Mr. TATUM. The Senate had a preliminary hearing before the August recess and is prepared to hold a final hearing if there is any indication on the House side that there is a chance for markup over here this fall.

Mr. OTTINGER. I can't speak for Mr. Dingell, but we are prepared to go ahead.

Ms. SAVITZ. We would be happy to work with you on some of the specific issues we have discussed today.

Mr. OTTINGER. A few changes here and there.

I think we have about covered the waterfront. I will conclude by saying that I hope, as I told the Secretary, Mr. Deutsch, that you will fight hard to see to it that conservation and solar get their place in the Sun. We have had a continual drumbeat of speeches that come out by the President, including last night, by the Secretary, telling us that conservation is the quickest, cheapest solution to our energy problem and indeed the only thing we can do to have any real impact on our oil import situation within the next decade.

We constantly see, including some of your testimony today, that the budget constraints are such that they don't put priority on conservation. I am doing all I can to change that sense of priorities. I really hope that you folks fight just as hard as you can to see that that comes about.

I think we are going to get deeper and deeper into the soup if we don't get these conservation programs out. Certainly, the efforts of outreach that are covered by this legislation are important. I will see to it that we move quickly on them. If you don't have funds to implement it, then it just becomes more window dressing and really is nonsensical. I think with respect to this legislation, if you are going to have a local program, it has to be vastly expanded. If OMB does not provide it, it is an act of hypocrisy to hold out this carrot.

We will look forward to working with you on the markup legislation. Thank you very much for your patience this morning. You have been a help to the committee.

Ms. SAVITZ. Thank you, and thank you for your continuing support of our program.

Mr. OTTINGER. We will adjourn.

[Whereupon, at 11:45 a.m., the subcommittee was adjourned, to reconvene subject to the call of the Chair.]

THE ENERGY MANAGEMENT PARTNERSHIP ACT

TUESDAY, FEBRUARY 19, 1980

U.S. HOUSE OF REPRESENTATIVES, COMMITTEE ON SCIENCE
AND TECHNOLOGY, SUBCOMMITTEE ON ENERGY DEVELOP-
MENT AND APPLICATIONS, COMMITTEE ON INTERSTATE
AND FOREIGN COMMERCE, SUBCOMMITTEE ON ENERGY
AND POWER,

Washington, D. C.

The joint committees met, pursuant to notice, at 10:10 a.m. in room 2123, Rayburn House Office Building, Hon. John Dingell presiding.

Present: Representatives Dingell, Ottinger, Anthony, Hance, Volkmer, Markey, Fish, Royer, and Corcoran.

Mr. DINGELL. The two subcommittees will come to order.

The Chair had a statement which, without objection, will be inserted into the record.

[The statement of John Dingell follows:]

OPENING STATEMENT OF
HONORABLE JOHN D. DINGELL

EMPA HEARING - FEBRUARY 19, 1980

TODAY THE SUBCOMMITTEE ON ENERGY AND POWER AND THE SUBCOMMITTEE ON ENERGY DEVELOPMENT AND APPLICATIONS CONVENE THEIR SECOND DAY OF JOINT HEARINGS ON THE ENERGY MANAGEMENT PARTNERSHIP ACT AND RELATED LEGISLATION.

THE ENERGY MANAGEMENT PARTNERSHIP ACT, SUBMITTED TO US BY THE ADMINISTRATION, WOULD CONSOLIDATE SEVERAL PROGRAMS OF AID TO STATE AND LOCAL GOVERNMENTS WHICH WERE ORIGINALLY AUTHORIZED BY THE ECPA AND EPCA LEGISLATION WHICH THIS SUBCOMMITTEE DRAFTED IN PREVIOUS YEARS. THE BILL WOULD ALSO IMPOSE UPON THE STATES A MATCHING FUND REQUIREMENT AND SEVERAL NEW REPORTING AND PLANNING REQUIREMENTS, SOME OF WHICH THE SUBCOMMITTEES MAY FIND TO BE BURDENSOME AND UNNECESSARY.

EMPA AS SUBMITTED TO THE CONGRESS DID NOT, IN THE OPINION OF THE CHAIR, ADEQUATELY RECOGNIZE THE IMPORTANT ROLE WHICH LOCAL GOVERNMENTS MUST PLAY IN OUR ENERGY CONSERVATION EFFORTS. IN RESPONSE TO THAT OMISSION SEVERAL ADDITIONAL PIECES OF LEGISLATION HAVE BEEN SUBMITTED WHICH HAVE PLAYED A ROLE IN ENCOURAGING THE ADMINISTRATION TO AMEND THEIR ORIGINAL PROPOSAL. WE WILL CONSIDER FOUR OF THOSE ADDITIONAL PIECES OF LEGISLATION TODAY, AMONG THEM H.R. 5649, AUTHORED BY MY GOOD FRIEND THE CONGRESSWOMAN FROM NEW YORK, MS. HOLTZMAN, WHO WILL BE OUR FIRST WITNESS THIS MORNING.

Mr. DINGELL. The Chair recognizes my friend and colleague and a member of both subcommittees, Mr. Ottinger, for any statements he wishes to make.

Mr. OTTINGER. Thank you, Mr. Chairman.

I welcome this opportunity to join with the Energy and Power Subcommittee in hearings on the Energy Management Partnership Act, which I think is important legislation, and following my chairman's lead, I think I will put my statement in the record.

Mr. DINGELL. Without objection, the statement will be inserted in the record.

[The statement of Representative Ottinger follows:]

OPENING STATEMENT
HONORABLE RICHARD OTTINGER
February 19, 1980

The Energy Management Partnership Act as well as the other bills we are considering today, represent an effort to enhance the contribution that the federal, State and local governments working in concert can make to easing the energy problems faced by the American people.

Over the past several years the Congress has passed legislation aimed at developing within the states some capability to manage their own energy situations. Primary examples are the Energy Policy and Conservation Act (EPCA), the Energy Conservation and Production Act (ECPA) and the National Energy Extension Service Act (EES). Unfortunately, by working in a piecemeal fashion we have burdened the states with a multiplicity of programs with different reporting requirements and dates. The EMPA legislation endeavors to correct that management problem by consolidating these programs into one state-developed plan which would then be submitted to the Department of Energy.

Further, understand that the Administration will soon be submitting the specifications for an additional \$45 million of assistance to local governments. This is the sort of program which would begin to fill an important need which we have not previously met. Local communities around the country are taking the lead in developing innovative programs in energy conservation and the use of renewable energy resources. The federal government should provide these communities financial assistance to develop these programs on a much broader scale and to communicate their successes to other communities around the nation. To the extent the administration proposal meets these needs I will support it. Perhaps, however, it will not be adequate to meet the needs of the communities and to take full advantage of their potential contribution. We have before us today Congresswoman Holtzman and Congressman AuCoin who have introduced bills which would envision more ambitious programs of grants to local governments than the administration proposal. I look forward to hearing from my colleagues on their proposals as well as from the witnesses representing both state and local governments concerning their recommendations.

Mr. DINGELL. The Chair recognizes the distinguished gentleman from New York, my friend and colleague Mr. Fish.

Mr. FISH. Thank you, Mr. Chairman.

I, too, want to express my gratitude for this joint hearing on this very important piece of legislation and I think that we can work something out, recognizing that State and local governments are particularly attuned to their own energy consuming trends, and I ask unanimous consent that my opening statement be inserted in the record.

Mr. DINGELL. Without objection, so ordered.

[The statement of Representative Fish follows:]

OPENING REMARKS OF HON. HAMILTON FISH, JR.

Thank you, Mr. Chairman. Today we are considering another important piece of legislation that can have a great impact on energy conservation. This legislation is aimed at helping the Federal Government and the States to work more closely together to help us solve our energy problems. I believe that better Federal and State cooperation is essential if we are ever going to overcome these problems. No where is this more important than in the area of energy conservation, where we can utilize the expertise of State and local governments to help us develop better energy conservation techniques.

State and local governments are much better attuned to their own particular energy consuming trends, and know very well what types of energy conservation would work. Where appropriate, we should allow them to lead the way in energy conservation. I hope that our witnesses today can provide us with information on how best to administer a State-local government grant program, and how we can be more responsive to their energy problems.

I do have one important concern which I hope our witnesses will address today. As we all know, there are currently in existence many outreach programs which provide information to the public. This information is critical to many people who are not even today aware of the simplest energy conservation measures. Our committee established the Energy Extension Service in 1977, and we now also have the Regional Solar Energy Centers and the National Solar Heating and Cooling Information Center among others. In order to insure that the taxpayers monies are wisely spent, we must seriously consider how all of these outreach programs can best be coordinated. The elimination of duplication among these programs is essential if we are to administer an overall effective outreach program. I hope that at some point this issue can be considered in more detail today.

Thank you, Mr. Chairman, for allowing me to make these remarks. I welcome the witnesses and look forward to their testimony.

Mr. DINGELL. I am particularly delighted to join my two colleagues and see the two subcommittees working together. The two subcommittees have a history of harmonious and happy cooperation on a number of matters of legislation and I believe it tends to prove—rather, that kind of cooperation tends to prove—that the House rules do work splendidly and the changes in House rules due to jurisdiction and things of that kind should be viewed with a great deal of care when other mechanisms seem to be working fine.

The Chair observes that we had scheduled two of our colleagues to give testimony this morning the Honorable Elizabeth Holtzman, the Honorable Les AuCoin. They will, I expect, be arriving shortly.

Due to the time constraints here, therefore I recognize our first panel which is the Honorable John Hutchinson, mayor of Charleston, W. Va.; the Honorable Marc Wilder, council member, city of Long Beach, Long Beach, Calif.; and the Honorable James Conway, mayor, St. Louis, Mo.; and the Honorable Robert Herzog.

Mayor Hutchinson and Councilman Wilder represent the U.S. Council of Mayors; Mayor Conway and Mr. Herzog are representing the National League of Cities.

So, gentlemen, if you would come forward to the witness table?

Mr. CONWAY. Mr. Chairman and members of the subcommittee, I am Mayor Jim Conway from the city of St. Louis. I am advised that Mayor Hutchinson is on his way and has indicated that we were expecting to appear after the two Congressmen previously mentioned, and I would suspect that he has been delayed somewhat. I suspect that he will be here shortly.

Mr. DINGELL. In light of that, without any criticism, we will recognize the other members of the panel as they arrive and I recognize you at this time for your statement.

STATEMENT OF HON. JAMES CONWAY, MAYOR, ST. LOUIS, MO.

Mr. CONWAY. Thank you, Mr. Chairman and members of the subcommittee. I have indicated, my name is Jim Conway and I am mayor of the city of St. Louis and second vice president of the National League of Cities. As you know, the National League of Cities represents approximately 15,000 cities through their direct membership in the National League of Cities and through 48 municipal leagues. I am pleased to testify today on the various energy proposals now before the subcommittees.

Let me add, Mr. Chairman, we have previously submitted a copy of my remarks and I will abbreviate them at this time.

Mr. OTTINGER. Without objection, your full statement will appear in the record.

Mr. CONWAY. Thank you, Mr. Chairman.

The bills sponsored by Congresswoman Elizabeth Holtzman, Congressman Les AuCoin and Congressman Ed Markey rightly recognize that a formal and direct Federal/local relationship is an essential element of a successful national energy program, particularly in the areas of energy conservation and renewable resource development.

I commend the sponsors for their foresight and particularly for their strong commitment to the concept of community-based energy management.

From the outset, I must point out to the members of both subcommittees the almost unanimous support the Nation's cities have demonstrated for a major Federal initiative in this area of local energy management. NLC has endorsed the enactment of a community energy efficiency program as one of its highest legislative priorities for 1980.

NLC recognizes the tremendous budgetary pressures that must be a major consideration in setting national priorities and allocating ever scarcer Federal resources. For those of you familiar with local budget problems, you will understand the pressures that I and other mayors are experiencing in setting local priorities and allocating limited resources.

In a climate dominated by pressures to cut taxes and spending, it is very difficult for many local jurisdictions to find sufficient local revenues to develop and implement on their own a major energy conservation program for their municipal operations and for their communities.

For these reasons, we think it is absolutely essential that Federal assistance be available to help cities become active partners in fulfilling national energy objectives. While no one can guarantee that local government's full potential in the energy field will be

fully realized through a new program, I am confident that without Federal help the potential energy-saving contribution of local governments will be largely lost.

Many of you who are familiar with the outstanding local energy programs in cities such as Los Angeles, Calif.; Portland, Oreg.; and Seattle, Wash., may ask why more cities haven't taken such bold steps. The answer is that cities that have taken an energy initiative have generally been able to do so because of preexisting capacity and resources. Seattle and Los Angeles, for example, have both benefited from their operation of the largest municipal utility systems in the country. The staff capability and financial resources of these utility systems provided significant impetus and support for a comprehensive local energy program. In addition, Portland benefited at an early stage from some Federal grant assistance.

Over the past several years, your subcommittees have held numerous hearings on this subject. Now, for the first time, you are considering local energy proposals that are specifically designed to stimulate innovative programs in communities throughout the country. You can count on the widespread support from the Nation's cities as you work to develop a community energy efficiency program.

Now I would like to make some specific recommendations on how to structure a local government energy program.

Consolidation of the principal elements of the bills introduced by Representatives Markey, AuCoin, and Holtzman would provide an excellent starting point for work on a local government energy program. NLC suggests organizing the local program along the following lines:

First, we strongly support a program that establishes a direct Federal/local relationship in the development and implementation of energy conservation and renewable resource development strategies.

As you know, Federal programs that are specifically designed to influence a particular activity at the local level rely almost totally on this direct Federal/local relationship. In the case of energy conservation and renewable resource development, the case for a direct Federal-to-local government delivery system is even more compelling, since many of the decisions that significantly influence energy use are predominantly local in nature, particularly in the residential and transportation area.

All three of the local initiatives before the committee today underscore the importance of this direct relationship. I would also point out that the administration intends to request a small amount of direct Federal funding to urban communities as part of the proposed Energy Management Partnership Act.

Second, NLC supports formula grants for all cities of over 25,000 population and counties over 100,000 population. There are approximately 940 cities over 25,000 representing almost 95 million people. Other counties and cities and metropolitan planning organizations should be eligible for a discretionary program. It should be clear to the committee that the broader the eligibility for grants the greater the potential for substantial energy savings.

We do not advocate an entitlement program. Cities eligible for the formula grants would receive a formula share of each year's

funding, dependent upon the annual appropriations level, just as they now do in the community development block grant program.

Third, NLC supports the provisions of H.R. 5911, requiring all potential recipients to fulfill the preapplication requirements as a condition to receiving Federal assistance. One of these preapplication requirements is a maintenance of effort provision which insures that Federal funds will not be substituted for ongoing local energy funding support.

Fourth, NLC supports a program that is jointly managed by the Department of Energy and the Department of Housing and Urban Development. We believe that an effective local energy program must include a role for both Federal agencies.

H.R. 5911 proposes a division of labor that draws upon the capabilities of both departments. HUD should be given the primary responsibility for working directly with communities in developing energy strategies in areas such as housing, zoning, and community development. DOE has important and valuable experience in these areas of weatherization, fuels management, and emergency-mandatory measures.

I know that involving HUD in this program poses jurisdictional problems for your subcommittees. However, I understand that the Senate Energy and Banking Committees have been working out a possible joint process that could serve as a model for your work in this area.

Fifth, NLC endorses a first-year level of funding substantially higher than the administration's request of \$50 million proposed in the EMPA. The time for such small competitive grant programs for local energy management efforts has passed. Congress has provided energy programs and incentives for almost every producing and consuming sector, with the single exception of local governments. Since energy efficiency improvements, energy conservation, and renewable resource development are widely considered to be important near-term energy objectives, the higher program levels proposed in the bills before you are much more realistic.

Finally, we would like to make some specific comments about the Energy Management Partnership Act and the need for State/local coordination.

NLC believes that the State role in energy has been properly defined in existing programs and in the proposed EMPA. States are expected to develop an overall State energy plan that includes emergency contingency planning, implementation of certain Federal mandates like the 55-mph limit, energy information services, facility siting, technical assistance, and energy supply and demand analysis. In addition, the administration of Federal grant programs, such as the schools and hospitals program is an important State activity.

Local governments must participate in many of these State activities, particularly in emergency contingency planning and the development of the overall State plan. NLC believes, however, that the local initiatives under consideration today accurately set out an appropriate role for local governments in energy conservation, renewable resources, and coordination with the State energy plan.

I am certain States will argue that their appropriate role also includes energy conservation and renewable resource development.

Yet the record is there is virtually no State performance to evaluate in these areas. City officials are convinced that the proper State role should be to facilitate local government action through technical assistance, delegation of authority in enabling legislation, changes in existing State laws, and coordination of overall statewide programs.

The bills before you are based on the principle that there is a division of labor that must be established in order to rationalize Federal energy policies. These bills rightly emphasize energy conservation and renewable resource development as appropriate local activities.

In order to facilitate coordination with the States, NLC suggests that the committee require strong local participation in the development of State energy plans, which are required under EMPA. Furthermore, local activities funded under the community energy title could be effectively coordinated by using the language of Representative Markey's bill. These provisions specifically require all States to provide local governments with a description of their responsibilities under the State plan. Any local government applying for Federal funds must demonstrate that it has incorporated these State policies and programs into the local program before an application can be submitted to the Federal agency.

In addition, any application for Federal funding must be filed with the appropriate State agency. These provisions will insure a high level of State/local coordination in the development of local energy management strategies.

In conclusion, I must reemphasize the need for Federal support for a major local energy management program. Federal policy can no longer afford to ignore the vast untapped potential for energy savings that exists at the local level.

Mr. Chairman and members of the subcommittee, I certainly appreciate this opportunity to present the views of the National League of Cities for this committee's consideration.

Mr. OTTINGER. Thank you for your testimony.

With your indulgence, Congressman AuCoin has arrived. You can stay at the table. We will hear his testimony and let him go and then continue with Mr. Herzog.

Our colleague, Mr. AuCoin. We welcome you here and are aware, and have under consideration, your legislation and we would be glad to put your full statement in the record and receive from you, at this point, any remarks you would like to make.

STATEMENT OF HON. LES AuCOIN, A U.S. REPRESENTATIVE FROM THE STATE OF OREGON

Mr. AuCOIN. Thank you very much, Mr. Chairman. I appreciate very much the committee arranging its schedule in such a way as to allow me to testify at this time.

Copies of my testimony are on their way to the committee at this time and with the Chair's indulgence I would like to simply go through notes of my own and leave the copies of the testimony before the committee. I apologize for not having them available for the committee right at this moment.

Mr. OTTINGER. Without objection, your full statement will be inserted in the record. We are under tight time constraints this

morning, so we would appreciate it if you would summarize your testimony.

Mr. AuCOIN. I will not only summarize it but I will talk as fast I can, Mr. Chairman.

Mr. Chairman, I am glad to have this chance to discuss an approach to energy conservation which has been neglected, in my judgment, but which I think can become a solid and imaginative and serve to a critical national problem. Of course, the problem is availability of reasonably priced energy.

I am referring to community-based plans for conservation and other energy development. These hearings are examining as I understand it, at least three major bills on the subject, including my own H.R. 5640 and I want to compliment the committee, Mr. Chairman, for exploring this range of ideas, because having introduced what I believe was the first bill on the general subject, I believe it is an extremely important subject and I feel that the committee is to be commended for looking into the wide range of approaches to it.

I want to state also that I want to extend my complete willingness to cooperate with your committee in every possible way as you develop the legislation.

It seems to me, Mr. Chairman, that at least two showings ought to be made in order to make a convincing case for Federal backing of this kind of energy conservation and alternative energy development proposal. First, of course, I think it has to be shown that it is conceptually sound.

Second, if we agree that the concept is valid, then it has to be shown that it has to be made operational and the least confusing, least costly, and least cumbersome and most importantly, the most productive way.

I would submit that that concept before H.R. 5640 is based on a completely sound principle. Our statement is our best hope for energy conservation is to make conservation matter to people in a direct, immediate, day-to-day community sense. That means convincing people that energy shortages are not just the individual's problem, but rather they are the community's problem.

If each household had its own energy supply, it probably would not matter as much that one can serve and the other individual might not but every one in the community shares a common supply. When one household wastes energy, everyone suffers because everyone pays the costs of new supplies. Everyone's rates go up.

That pushes the cost on the entire community and that is unfair, by definition. One can see the innovation in the approach embodied in the legislation, the three pieces of legislation before this committee, by considering the traditional ways the Federal Government has promoted conservation. Essentially it has been a two-pronged approach on the one hand. The Government has issued a variety of standards and regulations designed to reduce energy consumed in public buildings and private residences and for transportation and the like.

On the other hand, the Government has formulated new programs to provide loans and grants to individuals to encourage conservation in the use of alternative energy resources.

Both of these approaches are necessary elements in a conservation effort, but it should be clear to each of us by now that they are by themselves insufficient to produce the savings that can rescue us from the energy crisis that we face today.

The problem with national energy conservation programs to date is that rigid rules and requirements are posed from the top down. In the case of energy conservation construction standards, for example, the Federal Government is mandating conservation through rules contemplated without the participation of those who are subjected to the standards.

The standards never adequately account for geographic and climatic differences and the indifference to compliance is distressingly high. That is why I believe we must add a new element to energy conservation strategies, one that approaches the problem from the ground up.

This is a fundamental philosophy behind Portland, Oreg., energy conservation plan and it was Portland's example that led me to introduce H.R. 5640. I would like to explain that plan briefly, Mr. Chairman, if I may, because it illustrates the advantages embodied in H.R. 5640.

The Portland, Oreg., plan has been formally adopted by the Portland City Council and it calls for a comprehensive citywide conservation effort. It includes changes in land use policies encouragement of alternative energy changes, and changes in transportation systems. The plan allows to give homeowners 5 years to weatherize their homes. After that, if homes did not meet a cost-effective standard, the homes could not be sold.

A similar restriction would apply to multifamily and commercial buildings. That is Portland's approach, and it is expected to save the city up to 35 percent of the energy it would otherwise need in the year 1995.

Other communities have taken, and would take, if this legislation were to pass, a different approach. The important point, that Portland's plan was developed through an extensive citizen participation effort and represented the community consensus, one that has teeth in it, one that has the promise of working and producing major results.

H.R. 5640 is designed to encourage the development and implementation of energy conservation plans by local governments much in the same way. It expands the community development block grant program now being administered by the Department of Housing and Urban Development to allow funds to be used for planning and implementing activities such as home weatherization, traffic flow improvements, conservation improvements, and public facilities.

I have also introduced a companion measure, H.R. 5641, which is aimed at stimulating the development of alternative energy systems such as solid waste, heat recovery. That builds on the Department of Housing and Urban Development's urban action grant program and would require a commitment of local private and public dollars in order to leverage Federal assistance.

There are two advantages to the approaches I have taken for stimulating local conservation efforts. The first is that under a block grant approach, local governments would have a maximum

flexibility in deciding on the components of their energy conservation plans and in implementing the programs and local governments already entitled under the community development program would have the assurance that funding would be available on a long-term basis, thus giving the program a sense of predictability that is necessary.

This flexibility and assured funding would help foster the development of innovative approaches to energy conservation and facilitate community involvement.

The second advantage that my proposal builds on an existing administrative structure already in place, already working in communities across the country. I would suggest to your committee, Mr. Chairman, that it would be confusing to local governments and, I believe, counterproductive to conservation efforts, to require that they deal with yet one more Federal agency and one more set of procedures and one more set of complicated decisionmaking processes in the development of a community-based federally assisted conservation plan.

As a member of the Housing Subcommittee of the House Banking Committee, I am familiar with the workings of the Department of Housing and Urban Development. I know it has its problems, as do other Federal agencies, including the Department of Energy, but HUD does have an existing, nationwide network of offices and staff to provide assistance to cities and small communities in over 3,200 local governments already operating HUD-funded community development programs.

That is why I think it is important to build on the HUD-backed community development block grant approach.

I do not want to gloss over the importance of the key role and decisive role for the Department of Energy in a local energy conservation block grant program of the kind contemplated by 5640.

DOE should have a strong role in the planning and implementation of conservation programs and it may very well be that it should be the lead agency for an energy action grant program to stimulate the development of alternative energy projects and I believe this particular approach is embodied in the Tsongas-Markey proposal that is before your committee.

One last comment Mr. Chairman. With the Department of Housing and Urban Development as the lead agency, I believe we can assure a close linkage between energy conservation efforts and housing and community development activities. That linkage is vitally important because it allows us to top an administrative structure that is in place and because there is tremendous potential for conservation in residences and commercial buildings.

I would like to point out to the committee that it is estimated that conservation by all means could reduce energy consumption in varying estimates by 30 percent to 40 percent without significantly altering our standard of living off this amount. It is estimated that a major share of the conservation could be contributed by making existing buildings more energy efficient since they consume 38 percent of the energy consumed daily in this country.

Of that figure, 22 percent is consumed by residential structures. Therefore, the linkage embodied in 5640 and the interagency ap-

proach that I contemplated between the Department of Housing and Urban Development and DOE.

Mr. Chairman, I have tried to talk as fast as I can. I hope I have been able to facilitate your witness schedule. I appreciate the chance to come by and offer this testimony.

Mr. OTTINGER. We appreciate your valuable contributions to the committee and I think the experience of Portland is one which the rest of the country could well take a look at and emulate. They have done an exemplary job.

Thank you for your help.

We will hear next from Congresswoman Elizabeth Holtzman. She has been pioneering in a job to get some help directly to municipalities for energy conservation purposes. Also, she has legislation in on this subject and has offered an amendment which, unfortunately, was not successful when the Energy Act was being considered.

We welcome you and appreciate your help to the committee on this subject. Without objection, we will put your full statement in the record and you may proceed.

**STATEMENT OF HON. ELIZABETH HOLTZMAN, A U.S.
REPRESENTATIVE FROM THE STATE OF NEW YORK**

Ms. HOLTZMAN. Thank you, Mr. Chairman. I want to thank the members of the subcommittee and particularly the gentleman from Michigan for giving me this opportunity to testify, primarily in response to a commitment made on the House floor. I very much appreciate it.

I have introduced H.R. 5649, which is called the Local Government Energy Conservation Act, and the purpose of this bill is to provide \$300 million in grants to local governments to develop energy conservation programs on a local level.

The bill is to be administered and the grant program is to be administered through the Department of Energy which has the technical expertise to understand energy conservation members and to comment on the plans and to make suggestions for the improvement of the plans.

There is no question Mr. Chairman, that at this time when we are in a crisis in foreign affairs that we have got to reduce our dependence on foreign oil and particularly oil coming from the Middle East. The fastest and most effective way to begin to do this would be to begin a systematic effort nationwide on energy conservation.

While the Federal Government has undertaken some steps, basically local governments have been left out of the picture. There is no comprehensive mechanism for involving local governments in the process of conserving energy in this country yet, if we want to send a signal of our Nation's resolve, I can think of no better way than to insure, systematically in this country an effort on energy conservation.

The bill that I have introduced would allow funding of local energy offices. It would allow the establishment of local energy conservation targets. It would allow local governments to undertake energy conservation efforts such as retrofitting street lights, developing innovative heating and cooling systems, generating

energy from other resources, cogeneration of power, installing synchronized traffic signal systems and the like.

It would also allow local governments, if they wish, to review zoning laws and building codes to determine what changes might encourage energy conservation and also to review zoning and other land use laws.

The bill would also allow for the establishment of a central clearinghouse so that local governments could find out what other local governments were doing that was successful.

I think that we cannot delay any longer in involving our local governments and our communities at the grassroots in the urgent national task of energy conservation.

I also want to point out, by the way, the deficiencies with regard to the Energy Management Partnership Act is that it proposes a \$45 million discretionary grant program. I think the funding is entirely inadequate and the fact that it is only on a one-time basis suggests to local governments and to me that the Federal Government is not prepared to involve them on a long-term systematic basis.

Thank you very much.

Mr. OTTINGER. Thank you very much. We appreciate your help, taking the time and trouble to be here today.

This is a joint hearing and there will be a joint committee markup between my subcommittee and Mr. Dingell's subcommittee. We are going to try to move out the legislation as quickly as possible and certainly we will be paying attention to the needs of the local governments in this respect.

It is my own feeling that where you have the money actually being administered by a local government, the problems relating to the local government—if possible, we would like to avoid the extra layer of bureaucracy.

Ms. HOLTZMAN. That is what I think my bill does, by directly allowing the funding by the Federal Government of local operations, cities, counties, municipalities, small villages, small towns, so that they can participate and feel a stake in this nationwide effort.

Mr. OTTINGER. We thank you very much.

Ms. HOLTZMAN. Thank you.

Mr. OTTINGER. We will resume with our panel.

We are pleased that Mayor Hutchinson has joined us. Why do we not take you at this point, Mayor Hutchinson, if you are prepared to go?

We have a large number of witnesses this morning so we will put your full statement in the record and if you could summarize your testimony, we would appreciate it.

**STATEMENT OF HON. JOHN HUTCHINSON, MAYOR,
CHARLESTON, W. VA.**

Mr. HUTCHINSON. Thank you very much, Mr. Chairman. That is exactly what I wish to do, is to submit it in whole, and let me highlight a couple of things that we feel very strongly at the U.S. Conference of Mayors about.

As far as historically, the cities, for a number of years now have been trying to make a strong point of a direct link between the Federal Government and the cities in coming to grips and solutions in the energy area.

Part of my statement attaches demonstration of what 20 of our cities across the country have done in this area. However, we recognize, as I am sure you do, that we need to do better and we can do better.

The cities and the mayors are very strongly committed to a proposal of block grant assistance to the cities on an entitlement basis. We feel that this is the most effective and most direct way and the most expeditious way of coming up with good solutions for our problems.

We very strongly—very strongly—believe that the Markey-AuCoin-Holtzman initiatives represent excellent starting points for this committee from which to begin seriously the work of drafting the local government energy-efficiency programs which can respond to the following key principles:

One, a direct Federal-city relationship.

Second, the opportunity for every principal city to be eligible on a formal basis for a strong discretionary program. For those not eligible, grants in the area of planning capacity, building and program development, as well as capital projects, a formula that is based predominantly on population.

Sixth, resources available at roughly \$500 million a year.

Seven, the involvement of both HUD and the Department of Energy.

Last, the safeguards to insure that the cities are serious about their commitment when they enter the program and that they produce results on an annual basis to retain their eligibility.

The inclusion of these basic elements should form the nucleus of a legislative initiative which would have the vigorous political support of every mayor in the Nation. The administration's proposed EMPA legislation for States could be an added title.

Mr. Chairman, the U.S. Conference of Mayors appreciates the opportunity to comment on these exciting legislative developments. We have deep gratitude for the interest that the chairman has shown in conducting this hearing and for continuous support in this area.

We look forward to working closely with you and the subcommittees in the coming weeks to deliver on the promise and spirit displayed here this morning.

We appreciate being here and if I could answer any questions, I would be more than happy to do so, sir.

[The prepared statement of Hon. John Hutchinson follows:]

Mr. Chairman, my name is John G. Hutchinson, Mayor of the City of Charleston, West Virginia. I am here this morning on behalf of the U.S. Conference of Mayors, which is composed of the nation's cities with populations over 30,000. Within the Conference, I serve as chairman of the Energy and Environment Committee.

The U.S. Conference of Mayors is grateful for the opportunity to review the local energy legislation pending before these Subcommittees.

For many years the Mayors of our cities, large and small, have been busy making the case for the link between urban and energy problems. We have met on innumerable occasions with Presidents, Secretaries of Energy and Congressional leaders over the years to assert that cities are capable of a leading role in the energy conservation and development battle that is the key to our future. We are the front line soldiers in the moral equivalent of war. On our own, with limited resources, but unlimited ideas and enthusiasm, we have begun to build the urban energy record.

Many of us know the exciting developments in cities such as Portland and Davis, California. But in scores of communities around the country, cities are beginning to realize that they have no choice but to deal effectively with energy conservation. Attached to my statement are brief summaries of how more than 20 cities currently approach energy conservation in their own creative fashion.

We can do more and better. That is what these legislative proposals are all about.

Mr. Chairman, the fact that today we are discussing the form and structure of local government energy conservation assistance is historic. We remember only too painfully that as recently as the fall of 1978, the Administration itself focused solely on state governments as the vehicles for energy conservation progress. It was the Congress that repeatedly directed the Administration to rework its proposals to incorporate an energy conservation relationship with cities. The Administration has made some progress in this area, through its Energy Management Partnership Act. But not enough. The proposals with the greatest potential in our view are those offered by Congressman Markey, H.R. 5911, the Community Energy Efficiency Act, and by Congressman AuCoin, H.R. 5640 and 5641, amendments to the Housing and Community Development Act of 1974. We would like to briefly review these proposals for the Subcommittees' behalf.

The EMPA proposal, which started out as the State Energy Management and Planning Act, has improved over time through pressures brought on the Administration by cities and the Congress. It now calls for consolidation of several existing energy programs into a block grant type approach at the state level, with up to 10 percent of \$110 million

total funds to be passed through the state to cities. Recently, the Administration has proposed adding some \$45 million in a competitive demonstration program-type approach directly to cities, though we have yet to see the details of this proposal. We regard EMPA, even with the proposed amendment to be inadequate. While we have no objection to the basic thrust of EMPA, for state governments, it must not be viewed as a vehicle to wage the energy fight at the local level. It is not designed to do that. It couldn't if we wanted it to.

The approach adopted by Congressmen Markey and AuCoin in their separate initiatives, would essentially establish a system of energy conservation and renewable resource block grants and project grants to the nation's cities.

The U.S. Conference of Mayors finds the separate Markey-AuCoin legislative proposals uniquely responsive to the set of principles which we believe must guide the development of effective local government energy conservation and renewable resource strategies.

First, their stress on conservation makes sense. As the recent report of the Harvard Business School, Energy Future noted, conservation could save the energy equivalent of 4.4 million barrels of oil per day by 1990 without cutting back at all on our standard of living. Compare that

with the 2 million barrels per day which we could hope to get from synfuels by 1990. Praise of conservation will not do the job. We need to put in it commitment, faith and resources which equal its potential. The Markey-AuCoin bills meet this test with respect to local governments.

Secondly, there can be no substitute - none - for a direct federal-city relationship in energy conservation and development. States can help. And we hope they will. And we believe we can be helpful to the states in development of their state plans. But the size of the job, the need to move resources quickly, and apply them where people live, makes a direct federal-city partnership of sufficient scale the essential element in our moving forward in the energy area.

Thirdly, both the Markey and AuCoin bills would provide the option for a broad range of cities to get actively involved in energy, on essentially a formula grant basis. Too much time and effort has been spent by cities who are sincerely interested in tackling energy issues in senseless competition among themselves for tightly restricted discretionary grants.

We don't want to get involved in cream-skimming, rewarding the best cities with the doling out of competitive grants. Rather, we want to establish that every city which has passed some basic threshold of criteria and commitment

can get involved in a dynamic energy conservation program in partnership with the federal government. The Mayors are ready.

Finally, the diversity of approaches which are incorporated in the Markey and AuCoin bills illustrates the understanding which their sponsors bring to this issue. There are technological solutions available. But there are also neighborhood solutions, communications functions, coordinating roles and planning elements which need to be used. The strength of this approach is that it would inevitably move a city towards the types of energy activities which suit that city best.

Mr. Chairman, as these various bills move toward Committee consideration, there are several items which may be of concern to these Subcommittees. We have outlined some suggestions which we hope will provide you with some direction and assistance as you work towards fashioning a legislative proposal.

Every indication we have suggests that cities of all sizes could be capable of undertaking in a successful manner, the functions outlined by the Markey-AuCoin bills. Those bills set the eligibility threshold at 50,000. If this level is retained, we believe that there must be the strongest possible discretionary program for encouraging the involvement of smaller cities, counties smaller than

urban counties and regional organizations. At least 25 percent of the program total funds should be set aside for these programs.

In terms of the specific formula for funds distribution, population should be the most direct and effective criteria to use. The Markey bill uses population plus heating and cooling needs. The AuCoin bill discusses using essentially the formula for the Community Development Block Grant program. The Conference of Mayors pledges to work closely with Congress to try to ascertain which of these make the most sense and how they can be implemented.

The Markey and AuCoin legislative approaches are poised to assist communities at different stages of energy program development. This is a sound approach. For cities at the beginning of the process of controlling their energy future, grants are available for capacity building, planning, program development and similar activities. Those who develop energy capital projects through the basic and advance grants, can then move on to capital-type technical grants. However, if a city can demonstrate that it has embraced the elements of the development stage, it should be eligible immediately for capital grants. Alternatively, no city need be compelled to undertake a capital project if that is not suitable or if they are not ready. The key is programs which fit the city. The Markey-AuCoin bills promise to deliver that approach.

We believe that the Markey and AuCoin bills would maximize local discretion, minimize bureaucracy and yet maintain accountability at a fairly high level. Under the Markey bill, for example, before entering the program, cities would have to: 1) demonstrate commitment to national and local energy targets, 2) create a citizens energy advisory committee, 3) provide assessment of energy savings resulting, and 4) agree to maintain local energy expenditures. Within certain broad outlines, grants would be spent with local discretion, imagination and creativity. But we have to produce results. Only cities who have made significant progress can stay in the program after the first year. This is the ultimate accountability and we endorse it.

The Conference of Mayors believes it is important to actively involve the Department of Energy and the Department of Housing and Urban Development in any program relating to cities and energy. Both Departments have strengths. DOE has enormous technical and technological resources. These need to be made available for cities. They should be the agency responsible for the capital intensive grant work. HUD's strength in community and economic planning and development, as well as its extensive field network, make it an appealing choice to run the planning and development aspects of the program. Obviously, each agency, in the areas where it is preeminent, will have to work closely with the other. This should not have to be impossible.

Finally, the states. Any legislation in this area should require that each recipient provide evidence of consideration of and coordination with state plans and programs. Given the performance of most state energy offices to date, we believe this is sufficient. The cities require a bold effort in the energy area. There is a role for the states. The Administration's proposed Energy Management Partnership Act appears sufficient as a vehicle for consolidating various programs for which states have been given the lead. These programs, in their initial stage and now in their consolidated form, have never been intended to provide for extensive involvement and assistance of local government. They should not be mistaken for that now.

Mr. Chairmen, the U.S. Conference of Mayors believes that the Markey and AuCoin initiatives represent an excellent starting point for this Committee to begin seriously the work of drafting a local government energy efficiency program which would embrace the following key points:

- direct federal-city relationship;
- opportunity for every principal city to be eligible on a formula basis with a strong discretionary program for those not directly eligible;

- grants in the area of planning, capacity building and program development, as well as capital projects;
- a formula that is based predominantly on population;
- resources available at roughly \$500 million per year;
- the involvement of both HUD and DOE;
- safeguards to ensure that cities are serious about their commitment when they enter the program and produce results on an annual basis to retain eligibility.

These basic elements should form the nucleus of a legislative initiative which would have the vigorous political support of every Mayor in the nation. The Administration's proposed EMPA legislation for states could be an added title.

Mr. Chairman, the U.S. Conference of Mayors appreciates the opportunity to comment on these exciting legislative developments. We have deep gratitude for the interest the Chairmen have shown in conducting this hearing and for continued support in this area. We look forward to working closely with you and the subcommittees in the coming weeks to deliver on the promise and spirit displayed this morning.

We would be pleased to respond to any questions.

REPRESENTATIVE LOCAL GOVERNMENT

ENERGY PLANS

ALBUQUERQUE, N. MEX.

As part of its community energy conservation program, the city of Albuquerque has a 15 member citizens committee appointed by the Mayor to advise him on all energy related issues. This committee has developed an 11 point plan for energy conservation, which will serve as the blueprint for an information program to city residents. In line with this program, the city has designated a display center to be used at public events, which identifies a number of ways to conserve energy.

In other energy programs, Albuquerque is working on an evaluation of existing ordinances to ensure some action. It has also established a code-use policy to discourage additional spending by filling in those areas of the city not yet developed. The city has also been discouraging the use of low technology energy heating systems, and has two new bonded buildings, one with a payback period on the system of 6 months, the other with a payback of less than 6 years.

LOW ENERGY COSTS.

The city of Ann Arbor has established an Energy Advisory Group composed of several employees of city departments, which provides technical and planning support to the energy coordinator for all city energy programs. The energy staff is now conducting building audits. Future programs will center around energy management for existing buildings, vehicle fleet, street lighting, employee awareness and information dissemination, and general emergency plans to deal with energy supply shortages.

Preliminary energy audits in 65 city-owned facilities are complete with summaries of energy systems consumption of fuel and electricity for the past year, energy systems capacity, and building structure characteristics and occupancy factors.

A total energy plan for existing city facilities has been prepared for the Mayor, City Council, City Administration, and Department of Management Personnel. An energy management program has started to identify and classify all on-site and off-site operations and maintenance changes which have the potential to save a minimum of 10% of building energy consumption.

ATLANTA, GA.

The City of Atlanta recently adopted a comprehensive energy management plan called Program for Atlanta to Conserve Energy (P.A.C.E.). The policy and programs are designed to reduce energy consumption in all city government operations and facilities, and are covered to result in significant savings for the city, both in energy and dollars.

The P.A.C.E. program commits the city to efficient energy usage throughout its government functions. The policy specifies that the City will set internal energy conservation goals, purchase energy efficient equipment and materials, use the best current energy conservation techniques, research and ap-

erate city buildings to conserve minimum amounts of energy, conduct energy audits of all city buildings, promote solid waste energy conservation systems, and pursue innovative use of alternative technologies.

Atlanta is sponsoring community awareness programs throughout the school system and through neighborhood planning units. In addition the city is working with the Georgia Power Company in conducting energy audits in city buildings and holding energy conservation seminars for city employees.

BALTIMORE, MD.

The city of Baltimore is already well known for its innovative approaches to energy conservation. In 1977, the Baltimore city school system was ranked as one of the leaders in energy conservation in Maryland. Since then, Baltimore schools have embarked on a further program of policy enforcement and equipment modification, which has resulted in a 6 percent (\$300-\$400,000) reduction in energy costs in fiscal 1978. An 18-20 percent reduction (\$1,500,000) in energy usage is projected for fiscal 1979, based on data for the first nine months of the year.

Baltimore operates the first commercial-scale waste-to-energy pyrolysis system which converts municipal solid waste to a low BTU gaseous fuel, with process steam sold to a Baltimore Gas and Electric Company district heating facility. A four-week test run proceeding 600-800 tons per day resulted in a daily average income of \$4,500 from the sale of steam. The city is now considering the recovery of methane from existing landfills, and is in the data-collecting stage.

BIRMINGHAM, ALA.

In response to the energy crisis, the city of Birmingham established an energy committee with the task of developing methods to reduce energy consumption in city services and the community by 15-20%. The group is made up of 9 members of the community. At present the city is attempting to upgrade the building code to include energy conservation techniques. Also, in conjunction with the Regional Planning Association, the city has established an ongoing van-pool and carpool program, and is working on a computer match system for citizens interested in carpooling. The main focus of the citizens energy committee is to adopt a more energy efficient policy for city buildings.

BOISE, IDAHO

The most vital energy conservation program in Boise is the planned geothermal development in the city. The City of Boise's program to harness geothermal energy will be at eighteen city, state, Federal and private buildings, eight square blocks of an urban renewal area (the new Downtown Mall), and the campus of Boise State University. Heating a total of two million square feet of building space, the system will reduce fuel costs by 15 percent and save the equivalent of 20,000 barrels of oil per year. A parallel program administered by Warm Springs Hot Water District will develop a separate geothermal heating system for residential areas. The total program costs will be \$18 million.

Boise has two citizens' energy committees with about 75 members each, one up in conjunction with geothermal development and the Downtown Mall. One group focuses on transportation (i.e., the other on alternative energy sources, including conservation measures. The committees are very active, and meeting attendance is high.

In addition to the downtown geothermal program, Boise operates a carpool and van-pool matching system. Participants to date include five major corporations, and city, county, state and federal employees.

The downtown development has provided Boise citizens with a unique opportunity to learn about not only geothermal energy, but other energy conservation measures and alternative energy sources as well. The high

interest in the community is reflected in the information requests to the city libraries, state library, and the city Geothermal Office. The city plans to produce a documentary movie about geothermal energy to serve as an educational and publicity tool for the general public, local government and private businesses.

CLACKAMATH, WA.

The city of Clackamath, WA, began energy conservation efforts in 1978, focusing on two major consumption areas—city vehicles and street lighting. By 1977 the vehicle fleet program resulted in a 21 percent increase in fuel miles per gallon, saving 173,000 gallons of fuel (\$80,000).

These programs were brought under centralized control with the creation of a City Energy Office in 1977. The Office set as its goal, reduction "... of the city's energy consumption by 20 percent without compromising the safety or health of the public or the efficiency of the city's employees." Program results include an estimated savings of \$150,000 per year from the building retrofit and efficiency program—a reduction of 2 million kilowatt hours per year. The home energy audit program has been discontinued due to the loss of CETA workers who performed the audits, but during the program, 710 homes were audited. These homes averaged a use of 2000 kilowatt hours per month prior to audit, and reduced use by 15 percent as a result of audit. Improvements include a plan to convert to high pressure sodium streetlights is estimated to save another 9 million kilowatt hours per year.

DAYTON, OHIO

The city of Dayton has been actively involved in a community energy conservation effort since 1977. Dayton is one of 17 local governments in the United States chosen to participate in the Comprehensive Community Energy Management Program (CCEMP) sponsored by DOE. This program is designed to help local communities identify, evaluate and implement energy conservation methods and to manage local energy supply and use.

As a result of the CCEMP grant, Dayton was able to formulate a citizens committee of 22 members from all walks of life. The committee is subdivided into a steering committee and an action committee which discuss energy policy actions for both private and public groups, and will play a key role in the development of a comprehensive, long term energy policy.

There are two basic components of the program: energy auditing and projecting consumption levels for both public and private consumption up to the year 1985 to determine supplies and to prevent shortfalls.

In addition, the city of Dayton in conjunction with its congressional representative has established energy workshop seminars to discuss state and local techniques of energy conservation for citizens. Also, the city has a mini-computer to centralize lighting in municipal buildings and schools.

DEVER, COLO.

The city of Denver is developing an overall comprehensive plan for city energy use. This plan when implemented will address the energy impact of all facets of city planning including zoning and land use. This plan also will address the development of a citizens advisory committee on energy. At present the city has an in-home energy committee, which is developing a plan for cutting back city government energy usage by 10 percent within each department. The city also has developed an extensive van pool program and is cooperating with the state government on a computer match system for citizens interested in carpooling.

DETROIT, MICH.

The city of Detroit operates an employer-based carpooling system, which was

initiated in November, 1977. Beginning with municipal employees, the program has now expanded to include major city businesses. In March, 1978, the city collected the area's top 24 companies. So far, 17 companies have responded positively, with a range of from 64% to 69% of their employees expressing interest in participating in the program. Twelve of these companies are now carpooling, while the remainder are completing the computer matching process. These companies employ from 500 to 5,000 employees each. The city plans in the future to include smaller employers in the program, as well as employment centers such as the downtown area.

In 1977, the city initiated one of the nation's most effective home audit programs. City firefighters, already familiar with home construction, were trained by the local utility to conduct residential energy audits. Such an approach ensures much higher acceptance by homeowners without any disruption in fire protection or greatly increased cost to the taxpayer. The firemen collect the raw data, have it analyzed by the city's utility staff to determine what energy conservation measures are called for, and return in two to three weeks with the results of the analysis. Homeowners are also provided with a "how-to" booklet on energy conservation prepared by the city and a flyer from the Greenburgh Jaycees explaining the city group's insulation assistance fund for those who cannot afford to have the work done themselves. To date, 14,000 homeowners have been contacted, and 13% have accepted.

HARTFORD, CONN.

The city of Hartford has developed a comprehensive approach that touches all levels of municipal policy, including zoning, land use, transportation, economic development, and education.

Hartford established a citizens energy corporation hire and train unemployed city residents to retrofit existing structures (both city owned and private). In addition to the energy corporation, the city has set aside funds to create a community based economic development corporation that will manufacture and install solar energy collectors. Once the programs are in place, the city expects to provide between 200 and 225 jobs for city residents. This effort will produce an added benefit of helping city residents lower their energy consumption and costs.

Also, the city is involved in an effort to minimize automobile traffic downtown. It is considering the feasibility of closing a series of streets to cars. Only pedestrians, buses, and emergency vehicles would have access to these streets. Hartford also has had much support for its park and ride program, designed to offer cheaper and faster public transportation than the automobile.

KANSAS CITY, MO.

Involvement of Kansas City citizens in energy conservation programs began in 1974 with "Operation Button-Up". During its two years of operation, the program was responsible for circulation of more than two million mail inserts with utility bills, development of a lecture kit and speakers bureau, production of several radio and television public service announcements, work with the Kansas City Star on a special energy edition, development of a full home tour featuring energy conservation, placement of several articles in regional magazines on the benefits of energy conservation, and creation of a Button-Up kit that enabled homeowners to assess their own needs for home energy conservation.

Operation Button-Up has been followed up by several other programs directed at homeowners—the home weatherization program and two energy demonstration and conservation homes. The weatherization program improved over 1,200 homes by July, 1979, with an average investment of \$400 per home. The program evaluation shows that average fuel

consumption has decreased by 31.85%, the average dollar savings per house is \$71.61, and the average return on investment is 4.9 years. The demonstration homes are two older houses that have been retrofitted with energy saving appliances, insulation and other energy conservation measures to provide the public with testing of conservation features, resulting in "show-its" measures, and examples of the savings possible using energy conserving measures.

Kansas City also has an extremely successful carpool and vanpool program. A carpool matching program begun in 1974 elicited interest from one-quarter of the city employees. Vanpools were added in 1978. Five vans are operating at present. Also in 1978, a ride-sharing grant from the Department of Energy enabled the city to expand the vanpool matching program to area corporations.

LOS ANGELES, CALIF.

During the 1972-73 embargo, Los Angeles cut overall energy consumption by 20 percent under a voluntary cutback program. City conservation programs have since been enhanced. Monthly electrical consumption reports show some departments have decreased usage to under the rates during 1973-1974.

In 1978 and 1979, the Airport cut energy use to 1.5 percent below embargo rates. The Water and Power department was 18.8 percent below, and the Harbor department was 22.8 percent below. Other departments added saw buildings but increased usage to only 0.3 percent above embargo rates.

Vehicle fuel consumption for the first nine months of fiscal year 1979 is 8.9 percent below the rate for the previous 11 months. Twenty-six vehicles are using gasoline, and the city is seeking to expand this program. Three buildings are to be dedicated shortly, all using solar systems: a firehouse (to be the prototype for all future Los Angeles firehouses); an office building; and a demonstration single family house.

LONGVIEW, WY.

The City of Longview has set itself the goal of reducing energy consumption by 25 percent by 1981 over the base year of 1978. Efforts to reach this goal include transportation programs and information programs. Transportation programs include a 50 percent subsidy of mass transit fares for city employees, free parking lots for city employee carpools, and "in transit" city bus spaces. The bus system includes double-deck buses to increase passenger miles per gallon. Ridership is up an estimated 18 percent over last year.

Landfill participation activity in the Jefferson County Energy Commission. The Energy Commission provides monthly residents with energy conservation information. Recent projects include a survey of local businesses to determine which had undertaken exemplary energy conservation measures. A list of these local businesses which have implemented energy conservation measures was distributed to citizens, along with estimates of energy savings. Awards were given for the most outstanding efforts. The Jefferson County Energy Commission also prepared a brochure listing all energy-related businesses (e.g., insulation sales and installation, solar products and installation), which has been distributed to the public. Other publicity efforts include an endorsement program shown to several thousand people each year, radio and television talk shows on energy, and an energy seminar co-sponsored by U.S. Steel.

MEMPHIS, TENN./DADE COUNTY, FLA.

Energy conservation efforts in Metropolitan Miami/Dade County, Fla., began in 1975-1976 in response to the gasoline crisis. The most significant program developed at that time was a gas rationing program, which remains in effect today. Under the program, cropped with forward maintenance and a switch to

smaller city fleet cars, the city vehicle fleet gasoline consumption in 1978 was 37 percent lower than in 1975. A Comprehensive Energy Management Program (CEMP) was adopted in December, 1977, and the Dade County Planning Department developed a report, "Energy Conservation: Proposed Goals and Policies," for review by the Board of County Commissioners in July, 1978. The payoff for major planning efforts in Dade County comes in the form of electricity and gasoline consumption savings as these are the two primary energy sources. In 1978 Dade County consumed about one-half a billion kilowatt hours of electricity. The conservation program put into effect in 1977 is estimated to have saved one hundred and thirty million kilowatts that year. This savings amounts to \$14,807 savings of crude oil, or \$5.8 million at the 1977 prices.

NEW ORLEANS, LA.

New Orleans began a moderately successful Energy Conservation Program in 1973. An Energy Management Program was subsequently mandated in 1978 and a Citizens Committee for Energy Management was formed to assist in the planning for the Management Program. The City Energy Management Task Force has proposed a broad program that would encompass such areas as conservation, alternative energy sources, development of local nonconventional energy sources (such as geothermal and natural gas), and such administrative policy areas as zoning and building codes and rate restructuring. The City of New Orleans has a municipal utility, New Orleans Public Service, Inc. (NOPSI), which can provide the kind of support for municipal energy management experienced by other cities with municipal utilities such as Seattle and Portland. NOPSI now provides the bulk of information on energy conservation distributed to New Orleans citizens, and offers a home audit service.

OAKLAND, CALIF.

The city of Oakland, Calif., operates a wide-ranging energy conservation program, including a centralized maintenance facility for fire and police vehicles, a passive solar design for a new recreation center, ongoing conservation, and using those open windows rather than air conditioning to city buildings. The most significant program is the retrofit of city street lights. The program involves converting the 25,385 lights in Oakland's system to high-pressure sodium vapor lamps from mercury-vapor lamps. While maintaining lighting levels to standards with recommended standards, the new system will use 18 percent less electricity than the old (which comprised 75 percent of city electrical expenditures).

The total conversion to this new lighting technology will reduce the annual cost of the service 75 percent—from \$1,046,000 to \$269,000 per year. This is a savings of 17 million kilowatts per year.

PORTLAND, ORE.

The city of Portland has just passed a comprehensive city energy plan with a goal of decreasing energy use throughout the city by 25 percent by 1985. The program's savings from this reduction for the city and its residents is about \$139 million a year based on current prices. The program is self-financed through a citizens energy policy committee composed of representatives from business, labor, industry, government and neighborhood groups. The city also developed information and education programs to verify citizens of the plan. Newspapers, radio and television were used for the outreach program, as well as a series of 50 briefing sessions throughout the city with neighborhood business, industry and others. The comprehensive plan will cover all areas of city planning which might impact on energy. Besides the comprehensive city plan, Port-

land has a number of energy programs already in place. Life-cycle costing has been made a requirement in all purchasing decisions by the city government. Half of non-petroleum of the city's general funds and other special funds have been set aside for energy conservation investments—which currently yields about \$700,000 a year for energy conservation projects on the part of city departments, such as better building insulation and a heat recovery unit for the city's paint shop.

ROCKVILLE, MD.

The City of Rockville's city-wide energy conservation efforts have been supported by an Energy Advisory Committee which draws upon the pool of local expertise available in the city. The Committee provides advice on all energy plans and programs such as the consideration of methane recovery from city landfill sites and purchase of dual fuel cars for the city fleet shop.

The Rockville Energy Office operates an energy information center to respond to requests for information as well as providing a newsletter entitled, a wide range of home energy conservation, and advisors for residents and local businesses. The office based on Energy Plan to include with funding to promote energy activities. Programs offered by the city include demonstration of low-income homes and home energy audits conducted by the local utility. The office is working in cooperation with the County as a volunteer program.

Current projects include an evaluation of energy conservation measures to be incorporated in the redevelopment of the town center area looking for city-owned parking, and development of a solar water heating pilot. Present efforts include an effort to encourage energy conservation decisions in new buildings.

NEW ORLEANS, LA.

The city of New Orleans is developing recommendations for saving with energy audits as a phase of Comprehensive Energy Management Program (CEMP) is being drafted to include not only energy conservation and alternative energy sources, but also waste disposal possibilities such as refuse-derived fuel and wastewater conversion. A report has been sent to the Department of Energy for support of a complete review of building and existing codes to encourage energy conservation, and alternative energy sources through zoning, code review, zoning, etc. Under this program, a computer energy conservation audit is continuing with the assistance of local university.

A major industrial energy education program is scheduled for the city which is expected to help industries, the utility, and state officials of residents and industrial buildings.

The City provides a urgent emergency planning service, and a building a research service of heat. City employees receive education for low income rates.

SEATTLE, WASH.

The city of Seattle is in the process of implementing a package plan of the most advanced energy building codes in the country. This code is expected to result in an overall reduction in potential energy usage of about 5 percent by 1985. A citizens advisory committee on energy usage has been established for recommendations to the city on energy conservation and planning. Seattle's energy audit unit has a citizens advisory group as well. In light of possible savings all throughout the city, the city is in the process of developing comprehensive plans for various city departments to be implemented by city-wide and high priority of existing programs.

Seattle's City Council is a member of other cities, a program to the city's energy conservation and alternative technologies. For example, the city is seeking to

lar equipment to the community through the municipal utility. There also are many other solar incentive programs and demonstrations. The city has developed a free ride zone in the downtown area to encourage residents not to bring their cars into the area.

ST. PAUL, MINN.

The city of St. Paul, Minnesota coordinates energy conservation efforts through a strong system of district councils—seventeen "mini-city halls"—which review and comment on all city functions such as licensing and zoning. The city has recently applied for a Department of Energy grant to revise the building and zoning codes to encourage increased energy conservation. The designation of appropriate lots for underground or solar construction now is conducted with the assistance of the district councils. The councils distribute energy conservation information, such as the results of the infrared thermography survey conducted in 1977 to demonstrate the sources of heat loss in residential and commercial buildings in St. Paul. One of the district councils will be holding an Energy Fair this October, which will provide information on energy conservation and alternative energy sources. It will provide exhibitors a place to display and demonstrate energy conservation products.

The city has been encouraging energy conservation through several other means, including a vanpool program which is working through employers. The 3M corporation offered the first of these company-sponsored vanpool programs in 1973, which has grown to 100 vans serving more than 1,000 of the company's 14,000 employees. The city plans to complement the existing vanpool programs with a downtown shuttle which will ferry passengers from fringe parking lots to downtown work and shopping areas. The mayor rides the bus once a week as an example.

Mr. OTTINGER. All right. We will have some questions. But why do we not hear first from Mr. Robert Herzog, special assistant for energy, city of New York?

STATEMENT OF ROBERT HERZOG, SPECIAL ASSISTANT FOR ENERGY, CITY OF NEW YORK

Mr. HERZOG. Thank you, Mr. Chairman. I believe you have copies of my full testimony and I will try to summarize that as well.

New York City is very pleased to present its views today on legislation which is intended to fill one of the most devastating gaps in this country's attempts to cope with its energy problems. That is the lack of the Federal program to provide resources to cities for energy activities.

Cities are a tremendous component of the Nation's energy consuming populations. New York City alone consumes over three-fourths of a million barrels of oil a day. Yet, the existing programs that are supposed to give funding to cities have been largely unsuccessful and impossible to process because of the need to go through Federal and State bureaucracies before city needs are even considered, and impossible to implement because of unrealistic constraints and inflexible guidelines.

The most consistent element in our national energy picture is ever-increasing oil import bills. The failure to develop city energy planning and program capacity is not just a series of local problems. In aggregate, it seriously threatens our national interests.

New York City feels that there is a great need to clarify the role of cities in the various legislative proposals introduced. I would like to outline the specific needs of New York City and then comment on EMPA and the related proposals.

Cities will continue to be large energy consumers, with energy costs a significant part of their budget. New York City's energy costs have already increased enormously from 1973 to 1979.

In fiscal year 1980, New York City government will spend roughly \$315 million for its energy needs, excluding mass transit. New York City's energy costs for fiscal year 1984, unless we implement conservation measures, could be as high as \$676 million.

No assistance is given to New York City to meet these costs, which are paid from tax-levy funds. New York City has been attempting to cope with these rising costs by initiating various energy conservation measures without receiving any Federal or State financial aid.

Cities moreover, provide the infrastructure necessary for the maintenance of our economic and social lives. To do so, they must provide essential services to the public, services which can be highly energy-intensive, such as street lighting, public safety, garbage collection and disposal, sewage treatment and disposal, mass transit, and water supply.

Since cities have the responsibility of providing these services, they are most directly affected by energy supply interruptions. They are also the first governmental contact of businesses and residents seeking relief from energy-related difficulties. Cities now face many critical issues, as well as increasing demands to develop and administer energy programs.

New York City, for example—I am including this just to give you an idea of the scope of the problems we are now facing—must develop, administer, and manage a weatherization program, an energy audits and conservation measures grant program, a fuel allocation program, a general municipal conservation program, a boiler efficiency program, and the President's emergency building temperature restrictions program.

We have to assure that the city receives its fair share of low-cost hydropower generated upstate that does not find its way downstate. We are continuing to seek alternatives to decrease the city's dependence on foreign oil because the city depends on foreign oil for 80 percent of its primary energy needs.

We are doing so through conservation, refuse and methane recovery, through hydropower, through the increased use of natural gas. We have to manage the conversion of 1,754 megawatts of oil-fired generating capacity to coal in an environmentally and economically acceptable manner.

The city is also exploring experimental coal technology, such as coal gasification. The city has to deal with energy emergencies, such as gasoline and heating oil shortfalls and possibly brownouts and blackouts.

We have to analyze the city's energy needs for the next two decades and be prepared to make decisions in the very near future regarding a 700-megawatt refuse and coal-generating plant and a 1,000-megawatt pumped storage facility.

We have to develop a policy on cogeneration through examining tax, economic and environmental impacts, and we must intervene in rate cases and other matters pending before regulatory agencies.

In addition, the city recently had to analyze and respond to a draft State energy master plan and participate intensely in a

master plan hearing process, particularly with regard to a technical analysis for forecasting alternatives in fuel use and for future electrical generating setting.

These are new areas of concern for New York and other cities. Our limited resources do not enable us to adequately or effectively deal with these issues.

Mr. Chairman, New York City feels strongly that for any energy program to be successful it must recognize the necessity for cities to play a key planning and administrative role. Large cities can provide quick results from energy programs, particularly for conservation, now generally considered our best short-term alternative.

Conservation is site specific. Only cities are close enough to the problems to efficiently implement these programs. We need a greater allocation of funds to the entities most able to use them. Based on their extensive knowledge of local institutions, businesses, and residents, cities are best equipped to provide energy programs, feasible and realistic to implement at the local level.

No State capital will plan at a level detailed enough to be useful to cities, nor will States focus resources on a per-capita basis. Yet, at this time, few, if any, cities have their own energy offices or receive direct Federal energy assistance.

While EMPA is a step in the right direction, it hardly goes far enough with regard to answering the true needs of cities. Cities have come to rely increasingly on direct Federal funding to supplement the steadily shrinking local revenue base. Yet EMPA provides no direct Federal funding to cities. Instead, it would have the States administer and provide financial assistance to units of local government within the State for implementation of the State energy plan.

I can only ask, please do not saddle us with yet another State energy plan as in weatherization or schools and hospitals or the energy crisis assistance program, and so on. These plans that need to be approved before funding can get down to us just make the process interminable.

Furthermore, only the Local Government Energy Conservation Act provides grants for funding and staffing local energy offices. Without the means for local energy planning and management, cities cannot make intelligent judgments on the numerous energy issues facing them today. Demonstration grants, local energy reference centers, and technical assistance panels are important and do have a role. But cities are more importantly faced with decisions of electrical generation plant siting, alternative fuel selection, renewable resource development, coal conversion and the related environmental concerns that these energy issues raise.

We also have to implement numerous conservation and weatherization programs so we ask, please give cities flexible resources to define their own energy activities before requiring an elaborate plan from them for which they do not have existing resources to develop.

The whole emphasis on this legislation should turn around from including cities in national programs to defining part of the national program around local initiatives. Anything less will be dangerously suboptimal as we enter a decade in which our ability to

maximize our resources and initiatives will be essential to this country's survival.

New York City is extremely supportive of the broad intent of these bills, but we cannot wholeheartedly support them as presently drafted. We look forward to working with your committees to address our mutual concerns.

Thank you, Mr. Chairman.

[The prepared statement of Robert Herzog follows:]

STATEMENT OF ROBERT M. HERZOG, SPECIAL ASSISTANT FOR ENERGY TO THE DEPUTY MAYOR FOR ECONOMIC POLICY AND DEVELOPMENT OF THE CITY OF NEW YORK

My name is Robert M. Herzog, Special Assistant for Energy to the Deputy Mayor for Economic Policy and Development of the City of New York. New York City is pleased to be able to present its views today on these critically important legislative proposals.

Recently there has been a profusion of proposed legislation designed to provide assistance to States and local governments for energy planning, conservation and management, and, in some cases, renewable energy resources development as well. Some of the related legislative proposals being considered today along with the Energy Management Partnership Act (EMPA) are the Local Energy Management Act (LEMA), the Comprehensive Energy Management Partnership Act (CEMPA), the Community Energy Efficiency Act (CEEA) and the Local Government Energy Conservation Act.

These bills all perform the highly desirable function of coordinating various programs and giving the necessary thrust to State and local energy planning, management and conservation. We strongly feel that for any energy program to be successful, it must recognize the primary and critical role that cities will have to play, and large cities in particular. Cities with population of over 500,000 account for 42 percent of the total U.S. population. No program can be successful if it underfunds cities while overburdening them with an additional administrative overlay by the States.

We feel there is a great need to clarify the role of cities in the various legislative proposals introduced, which attempt to provide assistance to local governments for energy planning, management and conservation. I would like to briefly outline the specific needs of New York City and comment generally on EMPA and the related proposals.

The "Energy Crisis" unquestionably has accelerated an already present energy problem for cities. Energy costs have since then continued to rise at an accelerated rate. With the fiscal problems besetting all urban areas, it is increasingly more difficult for cities to finance the cost of energy escalations, not only because of an energy supply situation which cities generally cannot influence, but also because of the increasing responsibilities given to cities.

Cities will continue to be large energy consumers with energy costs a significant part of their budget. New York City's energy costs have increased enormously from fiscal year 1973 to fiscal year 1979. To give you some examples: Steam increased in price from \$2.13 per 1000 lbs. to \$7.55, with total costs rising from \$2.91 million to \$9.40 million; natural gas increased in price from 17.6 cents per 100 CF to 43.2 cents, with total costs rising from \$1.66 million to \$4.87 million; and electricity for public buildings increased in price from 3.42 cents per KWH to 5.35 cents per KWH, with total costs rising from \$38.14 million to \$70.55 million; and electricity for street lighting increased in price from 3.84 cents per KWH to 6.46 cents per KWH, with total costs going from \$16.27 million to \$28.86 million.

New York City government will spend \$315 million in fiscal year 1980 for its energy needs, excluding mass transit. It is estimated that without the implementation of specific conservation measures, New York City's energy cost for fiscal year 1984 could be as high as \$676 million.

No assistance is presently given to New York City to meet these costs which must be paid from tax levy funds. New York City has been attempting to cope with these rising costs by initiating various energy conservation measures without having received any federal or state financial assistance. Specifically, these measures include employing load management systems, performing energy audits, boiler maintenance, weatherization of city-owned buildings, enforcing temperature restrictions, and curtailing the use of motor vehicles, gasoline and diesel fuel.

Cities provide the infrastructure necessary for the maintenance of our economic and social lives. They provide essential services to the public which can be highly energy intensive. Specific examples include: Street lighting; public safety; garbage

collection and disposal; sewage treatment and disposal; mass transit; and water supply.

Since cities have the responsibility of providing these services, they are most directly affected by energy supply interruptions. Therefore, New York City firmly believes the federal government should *Directly Assist* cities in establishing and funding an energy policy and planning structure which is controlled by cities.

Cities should not have to play a secondary role in developing our nation's energy policy or planning process. They are best able to plan and develop energy programs for local industry, institutions and residences because of their intimate knowledge as to which initiatives are feasible to implement. At this time few, if any, cities have their own energy offices. None receive direct federal assistance.

I would like to discuss some examples of the critical issues New York City must face and the programs it must develop and administer. New York City must:

1. Develop, administer and manage: A weatherization program; an energy audits and conservation measures grants program; a fuel allocation program; a municipal conservation program; a boiler efficiency program; and the President's emergency buildings temperature restrictions program.

2. Assure the City its fair share of low cost Power Authority of the State of New York's electric power.

3. Find alternatives to decrease the City's dependence on foreign oil through conservation, methane recovery, additional hydro power, the use of refuse and natural gas.

4. Manage the conversion of 1,754 megawatts of oil fired generating capacity to coal in an environmentally and economically acceptable manner.

5. Explore experimental coal technology, such as fluidization bed combustion and coal gasification.

6. Deal with and manage energy emergencies, such as gasoline and heating oil shortfalls and the possibilities of brown and black outs.

7. Analyze the City's energy needs for the next two decades and be prepared to make decisions, in the very near future, regarding the 700 MW refuse and coal fueled electric generating plant and a 1000 MW pumped storage facility. These analyses need to be thoroughly completed because the development of these electric power generating facilities pose a danger of not providing optimum energy benefits to the City and limiting the City's future economic growth potential by utilizing existing increments in pollution attainments levels.

8. Develop a policy on cogeneration through examining tax, economic and environmental impacts.

9. Intervene in rate cases and other matters pending before regulatory agencies.

In addition, the City recently had to analyze and respond to a draft State Energy Master Plan and participate intensively in the Master Plan hearing process, particularly with regard to a technical analysis of demand for forecasting alternative fuel use and future electric generating siting.

These are new areas of concern for New York and other cities. Our limited resources do not enable us to adequately or effectively deal with these issues.

Chairman Dingell, Chairman Ottinger, we have examined these legislative proposals. New York City feels strongly that for any energy program to be successful, it must recognize the necessity for cities to play a key planning and administrative role.

Large cities can provide quick results from energy programs. Conservation is site specific and only cities are close enough to the problem to efficiently implement programs.

Federal energy programs, however, must go through two bureaucracies—Federal and state—before they reach the City and can be actually used. The Conservation Grants Program for Schools and Hospitals, which was enacted in November 1978, has just committed funds last week, after more than two years.

Funding should begin at a useful level of government, not one entangled in bureaucratic delays. Large cities can be direct grantees and this would not impose an excessive administrative burden on the federal government. There are no more than 40 cities with a population of over 500,000 in the United States.

We need a fairer allocation of funds to the entities most able to use them. With such support cities can develop their own plans for energy programs for local industry, schools or citizens. No state capital will plan at a level detailed enough to be useful in cities, nor will states focus resources sufficiently on a per capita or consumption basis.

While EMPA is a step in the right direction, it hardly goes far enough with regard to answering the true needs of cities. Cities have come to rely increasingly on direct federal funding to supplement a steadily shrinking local revenue base. Yet EMPA and CEMPA provide no direct federal funding to cities, but rather they

would have the states administer and provide financial assistance to "units of local government" within the state for implementation of the State Energy Plan. We favor the approach of LGECA, CEEA and LEMA in making direct grants to cities.

Neither EMPA, CEMPA, LEMA nor CEEA provide grants for the funding and staffing of local energy offices. Only the Local Government Energy Conservation Act does this. Without the means for local energy planning and management, cities can not make intelligent judgments on the numerous energy issues facing them today. Demonstration grants, local energy reference centers and technical assistance panels are important and do have a role, but cities are more importantly faced with decisions of electric generating plant siting, alternative fuel selection, coal conversion and the related environmental concerns that these energy issues raise, as well as implementing weatherization and other conservation programs. Federal legislation and funding should come to the aid of our cities, to help meet their needs in this new area for them, an area which directly affects the national interest.

New York City is extremely supportive of the broad intent of these bills, but we cannot wholeheartedly support them as presently drafted. We look forward to working with your committee to address our concerns regarding the role of cities, the funding of local energy offices and the underfunding of cities.

The City estimates that it would save \$238 million in 1981, \$268 million in 1982 and \$301 million in 1983.

Welfare.—The administration's proposal would save the City about \$25 million annually. This is a modest first step. Changing the reimbursement formula similar to the proposed change for Medicaid could provide an additional \$92 million annually.

Education aid.—Your proposed budget seeks to eliminate a major portion of the Impact B aid. This will have an immediate impact of an \$18 million cut in our 1981 budget. On the other hand a modest increase of \$200 million or full funding of the Section 238(a) assistance would increase the City's share by \$25 million annually. You also propose an increase of \$100 million in Title I, Concentration Aid. This would increase the City's share by \$10 million annually. Full funding to the authorized level, an additional \$100 million, would add another \$10 million annually. Because this program is forward funded the impact will not be felt until our fiscal year 1982.

The City of New York needs your active support on these matters to ensure its fiscal recovery. Do please let me hear from you. This is an urgent matter.

All the best,

EDWARD I. KOCH, Mayor.

Mr. OTTINGER. I thank you for a really excellent testimony. I think it really is very helpful to us.

The degree of complexity of the matters with which we have to deal and the lack of resources is a real matter of concern which we should address.

It seems to me that there are two central issues that we have to deal with in this legislation. One is the State-local relationship that we are going to have to address and the other is the degree to which the relationship between the Department of Energy and the Department of Housing and Urban Development.

I wonder if each of you would just briefly talk to us about that, what your relationship is with your States at the present time, how quickly and efficiently money gets down to you through the various State programs, the degree to which you think this effort ought to be centered just on local government. Do you get help from the State that is valuable.

Second, what are your experiences with the two departments?

Do you have feelings as to which of the Departments administering this program might serve you best, keeping in mind that the program, it seems to me, the EMPA legislation, does go beyond just housing needs?

Why do we not take you in the order in which you originally testified?

Mr. CONWAY. Thank you, Mr. Chairman. I can testify only as it relates to my own State and its relationship to the urban communities.

I can tell you, Mr. Chairman, as it relates to certain Federal programs and the implementation thereof by the State that the urban areas of the State of Missouri have extreme difficulty. As a matter of fact, oftentimes we are in Washington speaking to the various Federal agencies asking them to impose sanctions on our States or our State to carry out the programs that they were intended to carry out.

I could share with you any number of examples. One, as it relates to the relationship of HUD and the Department of Energy, first of all, all the cities in the United States and other local units of government have had substantial experience with HUD, although, in some cases, we may not necessarily enjoy that experience but, at least, the Department has a pretty good understanding of what the local units of government's modus operandi is.

They have a good idea of our capacity to deliver. They have had a long history with the urban areas in the United States and have a pretty good assessment of whether or not we, in fact, can deliver as it relates to the Department of Energy.

We have not had a whole lot of experience with the Department of Energy, however, I think it makes good sense, if you already had an institution such as HUD that has the kind of knowledge about the local units of government that exist in the United States and have them working hand-in-hand with the Department of Energy, especially on the first part of developing capacity and then later with the Department of Energy playing a more heavy role in any kind of capital investment efforts.

I think it would work out in the best interests of everyone. I think certainly that Federal agencies ought to be able to cooperate, especially if they have some encouragement from yourself.

Mr. OTTINGER. Have you had any dealings with HUD on energy-related matters? Do they have personnel there who understand the needs of energy conservation? Do they get involved at all?

Mr. CONWAY. In a specific incident, we are very heavily involved with the city of St. Louis in terms of residential reinvestment. We are historically listed as one of the most distressed cities in the United States because of certain geographical considerations. We spend approximately one-third of the community development block grant moneys that we receive each year in our city on what we call housing implementation. We insist that any new housing, or housing that is rehabilitated, as a part of this development, include the latest technology as it relates to energy conservation.

Now, this is not necessarily something that has been imposed upon us. It is something that we have imposed upon ourselves in order to effectively use those moneys that we have received from HUD's CBOG program.

I might add, in our dealings with the local and Washington office, they have a deep appreciation of the imposition of those requirements on new and rehabilitating housing in our community.

Mr. OTTINGER. Mr. Corcoran?

Mr. CORCORAN. I wonder if I could raise a question with the witness.

Mr. OTTINGER. Surely. Go ahead.

Mr. CORCORAN. If I understand you correctly, what you are suggesting that despite the fact that recently the Federal Government reorganized all of its energy departments and related agencies into one department. Now you are suggesting that, because of the traditional relationship which has been a good one, I am sure, between city governments and the Department of Housing and Urban Development, that the energy conservation program be administered as it relates to the cities through HUD?

Mr. CONWAY. No, Congressman. That is not essentially our position. Our position is that you have this infrastructure that already exists in the United States of a Federal agency, HUD, which has an intimate relationship with the local units of government.

What we are saying basically, is that it should be a departmental arrangement with the Departments of Energy and HUD, HUD has a pretty good understanding about the various local units of governments and their ability to do things, and that in terms of building capacity, and adjusting some existing programs, probably HUD ought to be that lead agency.

When it comes to the innovations and substantial capital investments within local communities, this relationship still exists between the Department of Energy and HUD, but the Department of Energy becomes a lead agency.

We believe that you already have in place an extremely fine system that already has been fine-tuned as it relates to local units of government, that you ought to use that system rather than replicate it in the Department of Energy, but have the Department of Energy intimately involved and actually the point person when it comes to the major expenditures as it relates to energy conservation and the development of certain energy resources.

Mr. CORCORAN. Thank you for your clarification.

Mr. OTTINGER. Mayor Hutchinson, and I note that the Honorable Mark Wilder who is a city council member in Long Beach, Calif., has arrived. We will receive your full statement for the record.

What I have asked now is that each of the members address themselves to the kind of service that they get from the States and their feelings about the degree to which this program ought to go directly to the local governments and the degree to which the programs pass through the States and second, whether they think it would be more advantageous to have the Department of Energy administer this whole amalgamated program that is encompassed in EMPA and the degree to which HUD ought to administer the program in view of your own relationships.

Mayor Hutchinson?

Mr. HUTCHINSON. In view of our own personal experience with the State—like Mayor Conway, I cannot speak to the other States although I have heard other mayors speak to their problems—zero to minimal passthrough, zero to minimal assistance and zero capability at the State level to implement this kind of program. It just does not exist.

The program that the U.S. Conference of Mayors is advocating, which I wholeheartedly endorse, is one of entitlement, block grants direct to the cities. Not each city is the same. Not all of the problems are dissimilar.

Mr. OTTINGER. If we do that and, I am sympathetic, is there going to be enough money on an entitlement basis to make a meaningful difference to each of the cities? Also, how much money would be required to get enough money to each of the cities to do this?

Mr. HUTCHINSON. I think it becomes a philosophical question, in my judgment, of whether or not we are going to pass the money to the local level where it can be utilized for the purpose for which it is intended, whether we are going to filter it through the bureaucracies as it comes down and not get anything out there.

Mr. OTTINGER. I am asking a different question.

Mr. HUTCHINSON. Yes, sir.

Mr. OTTINGER. I assume the money will go directly to the localities. I am questioning whether it should be an entitlement program on a block grant basis that goes to all cities or whether it should be on some basis of need or ability to actually use the funds.

The thing that I fear is that if we put out money on an entitlement basis that there will not be enough for each community to be able to make a meaningful difference. We might wait to take the money to the cities, towns, and villages that really have aggressive programs put forward, fund those more adequately, and wait for the other cities to come in with that kind of a program so the money would be spent better.

Mr. HUTCHINSON. I agree. I am not sure each city would want to involve themselves in the program. I think there should be some threshold criteria to be met by each city, whether for the planning or implementation or whatever stage it might be.

I think in our testimony we indicated there has to be a degree of seriousness evidenced by the cities for their entitlement to continue the second, third, or fourth year, whatever it might be. I am not for giving each city based on its population x number of dollars without their meeting some basic threshold.

Otherwise, I think you are throwing it away.

Our position is we do not want to get into a thing where it ought to be here at HUD or DOE. What we want is a program, as Mayor Conway has said. HUD has evidenced over a series of years the capability in place to administer the programs.

My own personal—what I have seen personally is in DOE we have more of what I like to refer to as a gubernatorial complex. They look to the States for all the answers because DOE does not have the answers. Therefore, they pass it off to the States and hope they will come up with the answers.

Well, we looked to the States, and they do not have any answers either.

We would like it to come directly on down. A block grant program could be administered directly by DOE if they have the proper attitude towards what it is really about.

Mr. OTTINGER. Mr. Herzog, could you address those questions for us?

Mr. HERZOG. I think it is apparent that New York City feels rather strongly that there should be direct funding to cities. Part of the reason for the vehemence and strength of those feelings are our dealing with the State government. This is not to say the State does not have an energy office that has a good technical and

planning capacity. They just went through creating a major State master energy plan and do a good job of compiling data and information.

It did a terrible job of disaggregating that information and analysis into geographic subsections of the State so that the political, environmental and technical realism of implementing the recommendations do not exist for the local level.

The State historically does not pass through any administrative funds for any programs. While New York City is asked to develop programs in weatherization and schools and hospitals, grants programs, and so on, we never get the resources to develop them.

Recently the schools and hospital grants were announced in New York State. The city received 29 percent of the State's share, although we are nearly half of the State's population. The city government received about 18 percent.

In the weatherization funds, of the roughly \$11 million that is available up to this month to the city, by the State's allocation formula—which I will not get into at this point—only \$230,000 of that \$11 million has been obligated. The program has been a shambles.

I tried to moderate my language, but it is somewhat of a dismal failure. In the energy crisis assistance program funding, the city received 43 percent of that on a block grant basis from the State, again not reflecting the population and needs of the city.

Moreover, one of New York City's unique problems is that we are a city of renters and most of these programs are designed for households that pay their own heating bills. So we had to go to tremendous lengths to get \$6 million out of \$120 million that was allocated to the city to go for renters. We created the only program in the United States that provided any funding for renters and did it in a way to provide it as a conservation incentive by making the money not a grant, but a loan that could convert into a grant, if the landlord would be willing to invest three-quarters of the amount of money he received in conservation.

So we are trying, really, to jimmy these programs to make them useful for us, but I started a year ago as a staff of one—you know, a lot of cities—Mayor Conway just told me they have two people about 6 months ago. A lot of cities are attempting to cope with a new problem for them.

The States have not been helpful in either passing through resources or providing the kinds of assistance that is required.

As you know, we have a State agency, the power authority of the State of New York, that generates a lot of power upstate, very inexpensive power. None of it comes down and we are trying to fight that.

Our relationship to the State is tenuous at best.

Mr. OTTINGER. I am very keenly aware of that problem.

Mr. HERZOG. With regard to that point, I thought I would bring that up. I know I would get your attention.

With regard to the second part of your problem, as I said, I started a year ago by myself. One of the first things I was told in going up to the State and down to Washington, was help is on the way. EMPA, SEMPA, what have you. One of those things is going to be passed and you will get a lot of support.

At this point, over a year later, I would say if the manna were to fall, whether it came from the blue sky or the white clouds, is a matter of relative indifference to the cities who have a great need to receive something they could swallow. If it had to go through the filter of the State, I think we would again be dissatisfied. I think that is our basic problem.

I would say that any legislation that involves getting funding to cities should require cities do some basic data collection and analytic approaches that they have in common. So those things can be aggregated nationally to develop a picture summing up the local situations.

In regard to that, the technical data collection and analysis and recommendations, I think the Department of Energy would be best equipped to deal with that.

We deal with HUD on a small cogeneration grant and some activities in the buildings that the city owns for energy conservation. We find them helpful.

We have had good experiences with both agencies and I think the most important thing for us is please, do not go through the States. Give it directly to us.

Mr. OTTINGER. How does New York City make out on the existing HUD grant formulas, if we are going to put this out on some kind of a formula. Does the city get its fair share of CD funds?

Mr. HERZOG. You would get some differing opinions on that, you know. Congressman AuCoin began speaking—I know I would not start talking quickly. I know you did not want to hear another fast-talking New Yorker down here.

I know we get a good share of money. We have had some ability in being able to use it for our needs, although there are some constraints and problems. I do not think—I cannot speak to the exact formula allocation. I know we get a decent share of that.

The basic problem is, I think, getting an agency that can provide us with a technical resource pool to back up the use of that and that can connect to existing programs.

Mr. OTTINGER. Mayor Wilder, if you could address yourself to those two things then if you have something else from your statement that you wanted to add on this?

STATEMENT OF HON. MARC WILDER, COUNCIL MEMBER CITY OF LONG BEACH, CALIF.

Mr. WILDER. Thank you, Mr. Chairman.

Mr. Chairman, in terms of the relationship that we would like established by this bill, local government in California has had considerable experience in working with the State's energy organization, the energy commission.

I would have to agree with the gentleman from New York concerning administrative passthrough money and coordination efforts by the State organization—they have been limited in their efforts and unsuccessful where they have attempted the effort.

I believe that only at the local level can you coordinate numerous programs such as CETA, the community development passthrough, and the economic development programs. I would submit for the record, a copy of the city of Long Beach's conservation

program—is an example of how you can coordinate a multiplicity of Federal funding sources and achieve the desired energy results.

Mr. OTTINGER. Without objection, that will appear in the record. We thank you for it.

[The material referred to follows:]

CITY OF LONG BEACH
ENERGY CONSERVATION PROGRAM

TABLE OF CONTENTS

<u>CHAPTER</u>	<u>SUBJECT</u>
I.	INTRODUCTION
II.	HISTORY
III.	PENDING LEGISLATION AFFECTING CITY ENERGY CONSERVATION EFFORTS Intergovernmental Relations
IV.	ENERGY CONSERVATION PROGRAM FOR CITY FACILITIES Public Works Department
V.	A PHASED MANAGEMENT APPROACH TO ENERGY CONSERVATION IN EXISTING BUILDINGS Public Works Department
VI.	LAND USE REGULATION AND ENERGY CONSERVATION Planning and Building Department
VII.	EMERGENCY CRISIS ASSISTANCE PROGRAM Human Resources Department
VIII.	ENERGY CONSERVATION AND WEATHERIZATION PROGRAM Human Resources Department
IX.	FLEET CONSERVATION MEASURES FOR FUELS AND ENERGY General Services Department
X.	RESIDENTIAL CONSERVATION SERVICE PROGRAM Long Beach Gas Department

CITY OF LONG BEACH
ENERGY CONSERVATION PROGRAM

CHAPTER I

INTRODUCTION

Energy conservation in existing public facilities is of paramount importance: to save energy; to reduce the energy consumption costs on City's budget; and to stimulate energy conservation in institutional and private sector facilities. The rising cost of energy coupled with the increasing complexity and quantity of City-owned facilities is occurring at a time when the City can least afford these increased costs. Therefore, the primary goal of the City's energy conservation plan should be to reduce the City's energy bill.

On July 24, 1979, the City of Long Beach City Council adopted the following Energy Resolution:

The City Council of Long Beach ordains as follows:

Whereas, the citizens of Long Beach face ever increasingly expensive and dwindling source of nonrenewable energy for the heating and cooling of residential, commercial and public buildings. These sources of energy are rapidly draining our treasury and rendering us politically vulnerable.

Whereas, it has been demonstrated that energy conservation and solar energy are economically viable and enhance business and employment opportunities.

Whereas, the President of the United States has set as a national priority, a policy by which the United States will dramatically reduce its dependency on foreign sources of energy within the next decade. Included within this policy is an active program of energy conservation and promotion of renewable sources of energy.

Whereas, the City of Long Beach has long recognized the importance of this goal and has already taken steps towards reducing energy dependency within the City, by the installation of low (pressure) sodium lighting and a lowering of temperature in City buildings.

Whereas, recent increases in OPEC pricing necessitate that additional steps must be taken to provide for further energy self-reliance and economic stability.

Therefore, be it resolved that the City of Long Beach will do everything within its legal authority to encourage and promote the utilization of energy conservation, passive solar energy building design and active solar energy devices, to offset the continued misuse of nonrenewable energy resources.

CHAPTER II

HISTORY

The 1973 national energy crisis created the need for the City to begin serious energy conservation efforts. At that time, the City Manager formed a special Energy Conservation Committee made up principally of City department heads and the District Manager for the Southern California Edison Company. Based on recommendations of the Committee, the following specific projects were initiated:

- Elimination of all City financed Christmas outdoor lighting projects.
- Initiation of a comprehensive program to reduce the use of lights for streets, parks, parking lots and recreation areas with an objective of cutting down on "convenience" lighting without interfering significantly with lighting required for public safety or security. A portion of this reduced lighting program included experimentation with the use of low-pressure sodium luminaires.
- Initiation of a survey by a team of City engineers and Edison Company representatives of all City-owned buildings to develop a means for recommending the reduced use of lights and heating, ventilating and air conditioning equipment.
- Initiation of a plan to replace all large-size City-owned passenger cars with six-cylinder cars weighing less than 4,000 lbs.
- The initiation of a program to convert the refuse truck fleet to the use of diesel fuel.
- Development of new haul routes for refuse trucks to reduce haul distances.

Subsequently, the turbulent conditions associated with the 1973 energy crunch situation appeared to abate, and accordingly, the activities of the Energy Conservation Committee reduced to a lower level of activity. In 1976, the Energy Conservation Committee was reorganized with a representative of the City Manager's office acting as chairman. New conservation activities were initiated including the following:

- The submission of a proposal of ERDA for a solar demonstration grant in order to focus the attention on alternate energy sources.
- The implementation of a \$5,000,000 conversion program to replace mercury and incandescent lighting with low-pressure sodium lights. In this respect the work initiated with the Energy Committee of 1973 and was put to use.
- The initiation of a nine-month study to determine the feasibility of recycling waste to energy.

II-1

- The implementation of the provisions of Title 24 of the State Code in the design of new City buildings for the conservation of energy.
- The development of plans to use renovated waste water to irrigate City parks.
- With the aid of two cost-sharing grants with ERDA, the evaluation of new methods of increasing oil production from depleted oil fields, referred to as "Tertiary Recovery".
- The continuance of the program initiated by the Energy Committee of 1973 to conserve fuels by shifting to smaller automobiles.
- The continuance of studies initiated by the Committee of 1973 into the feasibility of the use of solar heating.
- The use of trained personnel from the Gas Department to survey gas equipment and to submit recommendations as to how the equipment can be adjusted, rebuilt, or replaced for the most efficient use of natural gas.

Although the Committee initiated and promoted numerous conservation activities, it was acknowledged in the Deputy City Manager's report in June, 1977, that the overall energy conservation effort of the City was hampered for the following reasons:

1. The lack of any real funding resources and commitment.
2. The lack of manpower solely devoted to energy conservation in the key areas of electrical and mechanical engineering.
3. An individual or office in the City was not held specifically accountable for the successful implementation of energy conservation.

In September, 1978, the Public Works Director was directed by the City Manager to be responsible for the chairmanship and staffing of the Energy Conservation Committee. Some of the major conservation activities initiated during the past year were:

- Extension of low pressure sodium street lighting retrofit program using savings from Federal LPW grant.
- Installation of lower wattage lights in City Hall building.
- Installation of sun shield material on southerly exposed windows in City Hall to reduce heat transfer through windows.
- Development of energy conservation proposals for possible grant funding.
- Initiated design of pilot solar and ice storage system for heating and cooling of Senior Citizens Building.

CHAPTER III

PENDING LEGISLATION AFFECTING CITY ENERGY CONSERVATION EFFORTS

Three major pieces of energy legislation are pending in Washington which would assist cities in meeting their energy conservation needs. The three proposals which are under consideration are the Energy Management Partnership Act (EMPA), the Local Energy Management Act (LEMA) and the Community Energy Efficiency Act (CEEA).

The EMPA bill is part of President Carter's overall energy policy. EMPA consolidates existing State conservation activities while adding an element for State planning. The energy plan to be developed by each state would provide a framework for local participation in the development and implementation of State energy strategies and programs. The State would be required to fund an unspecified portion of implementation (up to 10%) directly to local governments.

Through EMPA, the Secretary of Energy would also be authorized to make grants to local governments to develop and implement special energy projects. A 20% local match would be required.

The Local Energy Management Act proposes a limited number of demonstration grants to localities to promote energy conservation or use of renewable resources.

The Community Energy Efficiency Act, authored by Senator Tsongas of Massachusetts, after consultation with the National League of Cities, provides three categories of grants. The first category would provide community energy action grants on an entitlement basis to cities with a population over 50,000 and counties over 100,000. To be eligible, a city or county would have to create a local energy office, estimate savings from existing local energy programs and establish a citizens energy advisory committee. Local governments could then receive grants to develop and implement a work plan within two years. After completion of the initial two year program, the local government would be eligible for money for a three-year period to implement more advanced programs such as the enactment of solar ordinances or the adoption of building standards. The third category of money would be for major capital improvements. Priority would be given to measures displacing petroleum or other conventional fossil fuels.

In addition to these three new proposals, other legislation is pending which affects current energy conservation related programs. For example, the "synfuels" bill now being debated by Congress includes amendments to the National Energy Conservation Policy Act (NECPA) which mandates that the Long Beach Gas Department provide energy audits to eligible customers and provide assistance to those customers in installing energy conservation measures. There are also proposals which could affect the funding level of activities to be undertaken under the current grant program for energy audits of public buildings and facilities.

In the light of these legislative initiatives which will be debated by Congress in the upcoming year, it is recommended that the Council adopt the following series of policy statements to guide the staff in advocating legislation in the City's interest:

1. Any new mandates to the City for the implementation of conservation efforts should be accompanied by a federal reimbursement of the additional cost.
2. Any new grant program involving a partnership between local government and the federal government for achieving energy conservation goals, should be modeled after the direct entitlement funding provided under such legislation as the Community Development Block Grant Program.
3. The City should support federal legislation which would provide funding for the staffing of a local energy action office.

CHAPTER IV

ENERGY CONSERVATION PROGRAM FOR CITY FACILITIES

The need for energy conservation is essentially based on the following conclusions:

- Energy price increase, fuel shortages, and the relative high costs for alternative fuels will continue to exist in the foreseeable future.
- New energy sources - solar, geothermal, advanced nuclear, coal gasification, coal liquification and other technologies will not be in large scale general use for many years.

It is proposed that the City's major energy conservation activities be centered around: existing buildings and facilities; proposed new buildings and facilities; and street light retrofit and installation projects. The real energy conservation program for the next few years must center on existing City buildings and facilities. Most of the City buildings and facilities that will still be standing in the year 2000 have already been built. The Department of Energy has reported a building owner may expect to save 10%-20% in energy use without any initial cost, another 10% with minimal first costs, and 10%-20% more with an investment that can be paid back by savings in three to ten years.

The State of California Energy Commission has reported that California institutions, consisting of schools, hospitals and local government buildings, accounted for 7 percent of the total state natural gas and electricity energy consumption in 1976 at a cost of \$650 million dollars. If an energy conservation program results in savings of a magnitude believed possible, at least a 20 percent reduction, the benefit to California's economy and energy future will be significant.

The California Energy Commission has prepared a State Plan for Technical Assistance and Energy Conservation Measures under the April, 1979 regulations established by the National Energy Conservation Policy Act and it was submitted to the Department of Energy for approval in October, 1979. This legislation makes matching grants available to fund energy conservation programs in public and private non-profit schools, hospitals, local government buildings and public care facilities. The program is designed to provide assistance for improving energy efficiency of existing equipment, for undertaking a detailed engineering assessment of building and equipment changes which could further increase energy savings, and for implementing those cost effective changes identified during the engineering assessment.

PROGRAM DESCRIPTION

- Phase I: The first step in this program is an on-site energy audit to identify operating and maintenance changes in the facility to improve the energy utilization of existing equipment. Building energy use is analyzed and recommendations are made for inexpensive methods to reduce energy costs.

Phase II Once operational changes identified in Phase I have been implemented, facilities are eligible to receive funds from DOE to conduct a detailed energy audit and to identify retrofit and equipment changes which will save additional energy (money!). These audits must be performed by an engineer or an engineer-architect team.

Cost-effective changes identified during this audit may be eligible for additional funding.

Matching funds from the participating organization are required in order to receive federal funding assistance.

Institutions wishing to participate in Phase II of this program must use the services of an energy auditor trained and certified by the State. The Senior Mechanical Engineer of the Bureau of Engineering has completed the State sponsored three-day energy auditor training course and, therefore, is qualified to supervise the energy audit requirement.

On November 20, 1979, the City received the State Energy Commission guidelines for applying for the energy conservation grant program. The program provides for 50 percent funding by federal grant and 50 percent funding to be a match from the local agency. The federal grant program may be supplemented by a state loan program which must be repaid from energy savings.

In order for the City to participate in the Federal and State Energy Conservation Programs, there are two major objectives that must be met. The first objective is the necessity to perform an energy audit of the existing City facilities. The second objective would be to create a new staff position in the Public Works Department of Energy Coordinator. At this time, the Federal and State Energy Conservation Grant Programs do not have provisions for funds for doing the initial energy audit or for a staffing position of Energy Coordinator, however, the Intergovernmental Relations Division is continuing to seek other sources of funding for these two items. In order to provide for these two major items of a Phase I energy audit and a new staff position of Energy Coordinator, the following actions are recommended:

1. The Phase I energy audit will be conducted by City staff in the Engineering Bureau.
2. Because the Public Works Department believes it is imperative to obtain the services of a person knowledgeable in the technologies and legislative actions in the energy field as soon as possible, and since the Design Division presently has a vacant position in an Engineering classification, it would be possible to request that a new position of Energy Coordinator be created and approved by the City Council with the understanding that the vacant

budgeted engineering position not be filled until such time that the new Energy Coordinator's job became funded from a State or Federal funding source related to the Energy Conservation Program.

The proposed Energy Coordinator's position would be responsible for the development and implementation of the City's Energy Conservation Program under the direction of the Director of Public Works. Some of the issues that would be addressed would be an evaluation on a facility-by-facility basis of the energy consumption and the development of procedures to reduce energy usage and with the resultant cost reductions. The work would involve the preparation of economic studies, identification of new technology, relative pay-outs, developing a financing plan, and keeping abreast of legislative actions in the energy field, performing energy audits and establishing an ongoing energy monitoring system.

Chapter V of this report entitled, "A Phased Management Approach to Energy Conservation in Existing Buildings", is intended to be a set of guidelines for a continuing Energy Conservation Program for City facilities.

In all of the energy conservation work involved with electrical power, the City staff is coordinating the City's efforts directly with the Southern California Edison Company. The Southern California Edison Company has offered and the Public Works Department has requested assistance in making the necessary energy audits of City buildings with the result that a task force of City Engineering staff and an Edison Company representative are presently preparing the preliminary energy audit on certain buildings. In addition, due to the critical nature of available electrical power, under a peak demand situation, the Southern California Edison Company has developed a Voluntary Electrical Load Reduction Program. The City staff is presently reviewing ways of participating in this Voluntary Electrical Load Reduction Program.

The City staff is presently in discussion with the Southern California Edison Company regarding the possible purchase of existing Edison Company owned street lighting systems consisting of approximately 4,600 street lights with incandescent and mercury vapor fixtures. If the City can acquire these street lighting systems, then the City can retrofit these street lights to low pressure sodium fixtures thereby reducing the energy usage and in turn achieve an annual reduction in energy costs to the City. It is estimated that the annual savings in oil equivalents would be approximately 6,000 barrels of oil annually, if the City would acquire these street lights and perform the retrofit.

The City of Long Beach and the County Sanitation Districts are presently involved in a joint effort to develop a proposed refuse-to-energy facility to be located in the Long Beach Harbor area. This project, known as the Southeast Resource Recovery Facility, will produce steam and/or electricity for customers in the vicinity from 1260 tons per day of refuse received 5 days per week. The refuse will be stored and fed to the steam generator at the rate of 900 tons per 24-hour day, 7 days a week. Material recovery will be

incorporated in the design of the facility, however, the completion of such a facility will probably be at least 7-10 years in the future, since feasibility studies have just recently started. Between 1980 and whenever the proposed resource recovery facility could become available for use, the City's refuse disposal methods must be changed since the present refuse disposal sites will be filled and long distance hauls to new disposal sites will be required. These longer hauls will increase the City's costs and increase the amount of energy required for transportation of the refuse, therefore, it is recognized that the City must develop the most cost effective and energy efficient methods of refuse hauling. It appears that during the interim period before a resource recovery facility can be completed, an interim refuse transfer station should be established in a central location within the City in order that the refuse could be transferred by larger, more efficient hauling equipment which would then transport the refuse 32 miles to the County Sanitation District's disposal site at Puente Hills. The cost of such a temporary transfer station would be amortized over the life of the station. Preliminary economic projections indicate the disposal costs of the proposed facility would compare favorably with alternate systems such as that described above. The projected cost of the proposed southeast resource recovery facility in 1981 is estimated to be from \$60 to \$70 million dollars. It is estimated that this resource recovery facility would be able to save annually an equivalent of 420,000 barrels of fuel oil which at only \$20.00 per barrel would have a value of \$8,400,000.

CHAPTER V

A PHASED MANAGEMENT APPROACH TO ENERGY CONSERVATION IN EXISTING BUILDINGS

Most existing buildings of states, counties, local governments and special purpose districts were designed and constructed during an era of abundant and inexpensive energy. Initial costs for buildings and their component systems loomed higher in decision making than did the costs of energy or concern over limited fuel supplies. As a result, energy conservation generally was not an important feature of their design.

Huge escalations in energy prices and the reality of fuel shortages now make it economically desirable to redesign, modify and, in general, to retrofit buildings, their operations and their usage to save as much energy as is practical. Practical savings, not maximum savings is the key concept which applies in a voluntary energy conservation program.

Many available technical and non-technical options with varying degrees of effectiveness can save energy in buildings. Some modifications can be achieved with little or no cost. Other conservation options can be expensive. Still others may unfavorably sacrifice occupant comfort or functional use of the building.

Faced with this wide range of possibilities--and also confronted with limited financial resources--the City is well advised to first call for a detailed study of many alternatives and then to implement the options which will save the most energy in the shortest time within existing financial constraints. Frequently, only options with the shortest payback period can be afforded in the near future.

A distinction can be made between achieving energy conservation in new buildings and retrofit of existing buildings. With new buildings it may be desirable to make energy related design decisions on the basis of long-term payback identified by Life Cycle Costing techniques--an analytic method of owning and operating a building over its expected lifetime. Life Cycle Cost analysis often will demonstrate that building systems with incrementally higher initial costs will pay for themselves over the life of a building through better performance and less required maintenance.

Basic Approach

In seeking to maximize the impact of a limited financial commitment toward energy conservation in existing buildings, a basic plan of attack similar to that which follows can be set:

The energy usage of all buildings is monitored periodically (e.g., monthly). A study of energy use is conducted for each building.

Energy conservation options with little or no initial cost, are implemented in all buildings. These low cost options often will be identified as part of the initial energy use study.

The most inefficient energy consuming buildings receive a thorough architectural and engineering study to analyze conservation alternatives.

The City establishes a reasonable payback period goal for retrofit modifications. Retrofit options which meet the pay back criteria are prioritized and implemented in the buildings that are least efficient in energy consumption. Implementation decisions finally must be based on the amount of money available.

In succeeding years as funds become available, the City moves on to other energy wasteful facilities. Over a three to five year period all wasteful facilities can be retrofitted. Buildings are reevaluated as energy cost and supply conditions change.

Here the overriding strategy is simple:

Save as much energy as possible with the least capital outlay.
 Demonstrate that energy conservation makes good economic sense.
 Build a case showing that energy conservation is worth pursuing further, gaining support from the community and elected officials.
 Push retrofit forward until a point of diminishing returns is encountered.
 Respond to changing energy conditions and facility needs.

Phased Management Process

With this basic strategy established, the next problem to be addressed is the actual management and operation of the retrofit program in a logical fashion. The management process recommended below is divided into four work phases. The separation is for a simple reason: it allows the City to control the retrofit process and to keep the time and capital spent for achieving energy savings in line with the scale and certainty of the expected savings. One important aspect of the process is to assure that costly building modifications will not be made until management is convinced that the most productive set of building and operation modifications have been selected. Another is to assure that the time period during which energy savings pay back retrofit costs will be satisfactory.

The four phases of the retrofit process as discussed below are shown diagrammatically in Figure 1. When first considering the potential for energy conservation in existing buildings, most state and local governments and special district agencies will support energy conservation in principle. But it is much too early to make large scale financial commitments because costs and benefits have not yet been clearly defined.

The Phase I - Energy Consumption Study is an inexpensive and fairly rapid procedure to develop priorities for action and rough estimates of potential results. At the end of Phase I, without having spent much money, the City can determine whether energy conservation in specific existing buildings should be pressed further.

PHASE I

Energy Consumption Study	Identify and quantify the problem of energy inefficiency Gain support of local officials and citizens Establish accountability for energy use Select buildings to be retrofitted Establish payback goal
--------------------------------	---

PHASE II

Detailed Engineering Analysis	Assign in-house staff or selected consultant under contract Site-survey and review of plans Detailed analysis of a wide range of possible modifications Prioritize options Develop implementation cost and savings projections Present recommendations and gain management approval
-------------------------------------	--

PHASE III

Implementation	Determine funding source Obtain approval for inclusion in City Capital Improvement Program budget Prepare necessary plans and specifications Let construction contracts Modify operating procedures
----------------	---

PHASE IV

Monitoring	Establish monitoring procedures Review modified building systems Assure that buildings are performing up to expectations Provide continued attention on maintaining energy savings
------------	---

Figure 1
A Four Phase Approach for Energy Retrofit of
Existing Buildings

Phase I may identify a number of low cost energy saving approaches which can be implemented and begin to pay for the costs of other retrofit work, especially if savings can be directed to a retrofit budget account. In the Engineering Analysis of Phase II, the City, with in-house engineering and architectural staff or a competent consultant, ventures a relatively small outlay of time and funds to determine the basic modifications that should be made, estimated energy savings, and estimated retrofit costs for buildings that have been selected.

At the end of Phase II, if construction monies are not available or if pay back periods will not be acceptable, the City can stop work until conditions change. Note the low cost options identified in Phase II may be implemented even if construction funds are tight.

When the City continues on with Phase III, Implementation, it is assured within the limits of reliable and conservative engineering estimates that energy savings will result, and knows in advance approximately what the savings will cost to achieve. The monitoring activities of Phase IV are an inexpensive means to document program results and assure that the expected savings are being realized. Monitoring also provides accountability for energy use and keeps a spotlight centered on the continuing effectiveness of conservation efforts.

STUDY OF CURRENT ENERGY CONSUMPTION
(Phase I)

In beginning an energy conservation retrofit program, these basic steps must be taken: 1) top management places priority on saving energy; 2) accountability for energy use among agency departments and building supervisors is established; 3) the practicality of retrofit is shown by means of a study of current energy use; and 4) funds are committed for further retrofit analysis. The discussion below concentrates on alternative means to conduct an energy use study in public buildings and ways to analyze the data. Before broaching this subject, however, it may be helpful to discuss in more detail the other activities which should proceed at the same time.

Management and Citizen Interest

Commitment of top level management to retrofit is mandatory. Experiences from several sources have demonstrated this fact consistently. The interest of citizens and elected officials often can be just as important as support within the administration. Several cities have found citizen participation to be essential and an important source of advice and voluntary help. When the City chooses to proceed, it can be very important to involve and inform people other than technical experts concerning the retrofit process. This broad based support cannot be underestimated in importance.

Establishing Accountability for Energy Use

The same need for commitment exists for the actual end users of energy in the City--energy personnel and operating staff, especially building supervisors.

Several large scale building owners have found that establishing accountability--one responsible person for the energy use of each building and a standard reporting procedure to track energy use--is an important step in the retrofit process. Initiating a system of periodic energy use reports for all facilities is an approach to this problem which several state and local government jurisdictions and other large scale building owners have used successfully.

By setting up procedures for monthly energy use reports, management both begins to collect data needed for retrofit analysis and also demonstrates to building supervisors that it is highly concerned about energy consumption. An important benefit of the reporting system is that it makes it possible to recognize the real efforts of agencies and individuals to reduce energy use in their facilities, and places a spotlight on facilities where little progress is being made.

Employee suggestion and reward programs can also be an important part of a conservation program. They have been tried and have been shown to work. Continued emphasis and fine tuning are necessary otherwise the program may fall into neglect. Rewarding people for saving energy, however, should be approached with some care.

One large scale facility operator in private industry has noted that the amount of energy saved for a particular building is not necessarily the best guide to how well the energy conservation program is operated; a poorly run facility may gain major savings with a very small conservation program simply because so much waste existed initially. An efficiently operated facility on the other hand may gain only small energy savings even with an intensive energy conservation program.

Conducting a Study of Current Energy Consumption

The energy consumption study provides objective information needed to identify buildings that are wasting energy. Facilities that can be improved effectively can then be designated for further architectural and engineering study. Though several approaches may be taken in performing the energy consumption study, each is based on consumption records of existing facilities, review of building plans, and on-site observation.

The alternative energy consumption studies described on the following pages are presented in order of increasing level of detail, accuracy of estimates, and difficulty to perform. Emphasis is given to the "Method 2" analysis which has been the most frequently applied method. Methods 1 and 2 can be performed without great engineering expertise. Method 3 may require participation of a competent design professional.

Method 1: Rough Estimate. In facility complexes lacking separate metering for each building or in cases where records have been lost, selecting the best buildings for retrofit study is most difficult. If time and resources do not permit going into great analytic detail (such as in Method 3 below), about the best that can be achieved is to select the largest facilities occupied for the greatest time periods each week. Old heating, ventilation, and air conditioning systems, and obvious energy waste recommend further study. Faced with a situation of this type in one facility complex, the National Aeronautics and Space Administration set the following criteria to select the first buildings for detailed retrofit study. Local governments lacking energy consumption data have chosen to set similar selection criteria.

Largest facilities

- Known major energy users with obvious flaws
- Lighting greater than 4 watts per square foot
- Facilities having a terminal reheat system
- Facilities utilizing waste heat rejection
- Facilities occupied or operated 24 hours a day

Method 2: Estimate Based on the Energy Utilization Index (EUI).

The second method for performing an energy consumption study is based on past records of energy usage, a walk-through survey of each facility and a review of specifications and drawings. This study may be conducted either by in-house staff or by an engineering consultant.

Greater analytic detail at this stage of the retrofit process, such as described in Method 3 below, may not be required to make the management decision to proceed with the Phase II engineering study in selected facilities. Users of this audit method have found it effective in quickly identifying the least energy efficient facilities--the most promising for retrofit.

The basic output of this energy consumption study effort is derivation of an Energy Utilization Index (EUI) for each facility. The Energy Utilization Index is nothing more complicated than the total energy consumption of each facility in MBTU's (thousands of British Thermal Units) per square foot per year. Grouping similar facilities and comparing their EUI results will point out the facilities operating least efficiently and probably the most amenable to retrofit.

If possible, utility and fuel billings should be compiled for several calendar years, including periods prior to and after any "quick-fix" retrofit modifications. Energy consumption in a base year of normal weather conditions may be compared with that of other years to draw conclusions on variations in consumption. Utility companies often may be helpful in selecting an appropriate base year with normal weather conditions. "Quick-fix" retrofit modifications may be evaluated by determining energy reductions which have been achieved. Cross-checking data from similar buildings may uncover problems in similar energy systems now using dissimilar amounts of fuel.

An EUI figure is derived for each building. By comparing EUI figures for buildings similar in type, design and use (e.g., offices, schools, or garages) management can determine which specific buildings of a given group of buildings are least efficient energy users. Final selection of the most promising facilities for further retrofit study can then be made on the basis of EUI ratings and total magnitude of energy costs for each building. Generally the largest buildings with the highest EUI ratings will be selected. After this selection is made, the City proceeds with engineering analysis of Phase II.

Method 3: Analysis on a Component-by-Component Basis. A much more detailed consumption review can be accomplished using procedures developed by the Federal Energy Administration and used for estimating retrofit potentials in federal facilities for the Federal Energy Management Program. Combining engineering test data, experience and the results of computer analyses, the process works as follows:

1. A list of promising retrofit options is obtained from charts showing basic climatic conditions and building types.
2. Each promising option is analyzed for potential energy savings independently following a step-by-step procedure provided in the FEA manual. The procedures are largely based on reading charts and following straight forward arithmetic calculations.

3. Construction cost estimates are developed based on unit installation costs that are provided in the FEA manual, then the estimates are modified by multipliers for regional cost variations and cost escalations due to inflation.

Presenting Results

While the initial energy consumption study can be accomplished with in-house staff in relatively short order, substantial resources are required for work to proceed further. The detailed engineering study of Phase II generally will require a decision by the City to either contract with an architectural and engineering consultant, or to utilize considerable time of the City's own technical staff.

The presentation of the energy consumption study results must be clear and comprehensive. Use of charts and graphs is recommended. The data that should be presented includes:

1. Background, methodology and explanation of terms.
2. Total yearly energy consumption by all buildings.
3. Total annual cost of building energy consumption.
4. Annual energy consumption for individual buildings shown in two ways: (1) on an annual MBTU per square foot basis, (i.e., EUI figures); (2) as annual dollar cost for each facility.
5. Preliminary recommendation of buildings most suitable for retrofit.
6. Preliminary implementation cost and energy savings estimates plotted over time.

At this point it may be desirable to involve people from several departments, to review and refine the basic retrofit plan developed thus far. Priorities can be adjusted, estimating procedures explained and critiqued, and schedules shifted. If the analysis withstands this test, and continues to demonstrate the importance of energy conservation in existing buildings, then support of financial authorities may be forthcoming.

BUILDING SURVEY AND ENGINEERING ANALYSIS
(Phase II)

The building survey and engineering analysis phase of a project requires serious and detailed architectural and engineering study of retrofit alternatives. The City may choose to perform this study with existing in-house engineering staff or may utilize the services of a competent architectural engineering firm. If consultants are to be utilized, they will be selected in accordance with Administrative Regulation 8-4.

Developing Work Statements

A preliminary work statement is first developed by the City describing required engineering study tasks. This accomplishes several purposes:

1. Provides candidate consultants or in-house staff with a fair understanding of the work to be required of them.
2. Provides the City with the basis to estimate and negotiate the cost and time period for analytic work.
3. Provides the City with means to evaluate qualified candidate firms.

IMPLEMENTATION
(Phase III)

Once the City has performed a thorough analysis of energy conservation options in its existing buildings, the actual implementation of retrofit is straightforward. Generally, modifications will involve standard materials, readily available equipment, and standard contracting procedures.

Implementation tasks normally fall within a few categories:

Low cost modifications identified during the initial energy consumption study and subsequent engineering analysis phases may be implemented immediately, by in-house staff. Examples include weather stripping, adjustment of thermostats and revised procedures for equipment operation.

Another category of work involves construction or alteration which, because of its cost and labor equipment, will be performed by outside construction contractors. Standard contracting procedures of the City will be used for the specified work.

MONITORING
(Phase IV)

Continued monitoring of energy use in buildings for a year or more is an essential portion of a phased management approach to retrofit. The exact procedures for monitoring may vary considerably-- from simply tracking of fuel bills to elaborate instrumentation of individual buildings. Whatever methods are used, however, several basic objectives can be achieved through the monitoring program:

1. Measuring the effectiveness of retrofit modifications by comparing fuel consumption after implementation with base year data.
2. Monitoring buildings in which initial retrofit has been done, to help determine whether retrofit should be initiated on similar buildings in later years.
3. Maintaining records in the event that major unforeseen changes in fuel supplies and costs occur, such as complete curtailment of a particular fuel; or in the event that a major new energy conservation option (such as solar) becomes more desirable due to technological or economic change.
4. Continuing a vigilant watch on fuel use to assure that old habits of energy waste do not return and that maintenance programs are working. Monitoring can be a major means to achieve accountability in energy use, to reward users who seriously strive for conservation, and to identify wasteful energy users.
5. In the event that the City selects a consultant who proposes a fee based on performance (a given amount of energy reduction), monitoring will be necessary to determine the appropriate final fee.

Monitoring of results can become difficult at times. Energy use characteristics of the building may have changed from the consumption base year established by management. "Quick-fix" conservation measures may have been implemented, and equally important, occupant use of the building may have changed. Given this situation, management must decide if monitored results should be compared to the base year or if allowance should be made for developments occurring since the base year.

A further complication develops if facility use has changed, or if "Quick-fix" conservation measures are implemented during the retrofit process. It becomes difficult to separate the effects of the changes occurring simultaneously.

More problems evolve in monitoring if the City seeks to separate out the effects of each of several specific retrofit measures which may have been implemented during the retrofit program. Without elaborate instrumentation, which may be prohibitive in cost, it is difficult to know if a particular retrofit measure is performing up to the engineer's expectations.

A major problem which can develop during monitoring is this: What does the City do if retrofitted buildings do not perform up to the consultant's estimates even after each modification has been checked out to see if it is operating properly? Even if conservative engineering analysis is employed this situation may develop since engineering procedures for retrofit in some cases are still very rough and approximate.

Some cities have obtained some form of contractual guarantee from their architectural/engineering consultant to cover this situation. In some way the consultant's fee is linked to energy savings realized by implementation. As pointed out earlier, this approach has certain drawbacks, one being possible conflict with the City's architect/engineer procurement regulations. Another drawback is the probability of a higher fee to cover the risk assumed by the consultant.

Overall, the most important action which the City can take to assure that estimated and actual energy savings results compare favorably is to select a competent engineering and architectural study group in the first place for Phase II analysis. A competent group, whether in-house staff or outside consultants, will be able to use experienced judgement to assure that estimates are conservative and also can indicate to management the specific state-of-the-art estimating procedures used which may have a considerable margin for error.

CHAPTER VI

LAND USE REGULATION
AND ENERGY CONSERVATION

Energy conservation can be affected by land use regulations in two principal ways. First, land use regulation can affect the actual level of energy consumed. Second, land use regulations can affect the level of energy that can be produced in the City. Although there are some interrelationships between these aspects of the issue, they will be reviewed separately.

Lowering Energy Consumption

The aspect of energy conservation that is concerned with the actual lowering of energy use by land use regulations can be further broken down into two subjects by the purpose of the use of the energy, transportation or building maintenance.

Transportation

Energy use can be saved in transportation by reducing the distances people travel and by encouraging the uses of more energy efficient modes of transportation. Land use regulations, through the control of housing densities, and the location and scale of shopping and employment uses greatly affects travel distances. Basically, higher housing densities and the dispersal of shopping and employment uses throughout the residential areas is the arrangement that will be most efficient in minimizing travel distances. Currently, housing densities are high in Long Beach south of Pacific Coast Highway by comparison to the average in Southern California, while the rest of the City is about average for the region. However, densities significantly higher than these are common in other regions of the country. Currently, land use plans indicate an encouragement of a moderate increase in density south of Pacific Coast Highway with high density nodes downtown and in Bixby Knolls.

Shopping and employment uses are well spread throughout the City with major nodes of shopping at downtown, at Bixby Knolls, at Los Altos Center, and at Marina Pacifica/Market Place; and major employment nodes at the Harbor, at downtown, at Bixby Knolls, at the Paramount/Artesia Industrial area and at the McDonnell Douglas/Airport area. The weaknesses in this dispersal are community shopping facilities and employment in North Long Beach, convenience shopping and employment east of the Airport, and employment in the south

central portion of the City. Current land use plans encourage the intensification of shopping and employment downtown and of employment intensification in the Paramount/Artesia and Airport areas.

In addition to travel distances, land use regulations impact upon the choice of mode of transportation through location and provisions for travel facilities. The City's bus system is the most energy efficient mode of transportation now available (other than bicycles and walking). However, for it to provide competitive service with the automobile requires a concentration of trip origins and destinations (in a preferably linear arrangement) through moderate to high density housing and high intensity shopping and employment. Current land use plans encourage such an arrangement along two bands from Bixby Knolls south to downtown and from Cal State University Long Beach west to downtown. North and Northeast Long Beach lack such density and linear relationships although bus service is available and some high concentration destinations as the City College are in these areas.

The required storage facilities in dwellings and at shopping and employment destinations also affect choice of mode of travel. Currently, no storage facilities for bicycles or motorcycles are required, but a significant amount of automobile storage is required. Requiring less automobile storage would tend to increase use densities and may lead to sufficient inconvenience that automobiles would not be used. Such inconvenience, however, is only likely to affect travel related to housing or employment, because shopping related inconvenience would only encourage travel to further away shopping centers with convenient parking.

Building Maintenance

Building maintenance refers in this case to the energy necessary to operate a building including heating, cooling, lighting, pumping water and running elevators. Generally, the larger the building mass compared to its surface area, the more efficient the building in energy use because of heating. This is compromised by increased needs for water pumping and elevator use with increasing height. As a result, the most efficient buildings are high intensity, low rise buildings. This is especially true in housing where the more walls a dwelling unit has in common with other units the less heating and cooling necessary to maintain a comfortable temperature. Thus, the R-3 and R-4 densities are most efficient although high rise buildings are more efficient than single family residential.

Building design, location on the lot and location relative to other buildings can also be very important in a structure's energy use through passive solar heating and cooling. These factors can be immensely impacted by zoning regulations when building in an undeveloped area. However, in a built-up city such as Long Beach, the already built or committed inefficiencies in existing buildings, recorded lot size and arrangements, and street patterns make significant changes difficult.

Microclimatic factors affected by land use regulations can also impact energy use. Generally the more paving in wider streets, and bigger open parking lots, and the fewer trees, the more air conditioning that will be needed. Land use standards for street widths and required parking could be reduced. Parking could be required to be covered and higher landscaping requirements could be added to help in this regard. Also, a minimization of shadows by reduced permitted building heights could help lower heating needs as could location, height and species control over trees.

Encouraging Energy Production

Land use regulations affect energy production in two broad categories based upon the technology used to generate the energy. These are disperse technologies and centralized technologies.

Disperse Technologies

Disperse energy production technologies are those technologies that can be applied to other uses as accessories to the use of a site. Although some technologies such as windmills might someday be viable, this category will be dominated by solar technologies within the relevant future. Solar technologies have many relationships to land use regulations concerning building placement and building height. The ties between these technologies and energy saving designs for buildings as it relates to these regulations are also very strong and the same principals generally benefit both aspects of the issue.

Basically, solar technologies need large areas of lot or building roof facing south without shadows. This is difficult to achieve given the existing building and subdivision pattern, but could be advanced substantially by uniform building heights and regulations of tree placement and height. Current regulations may restrict solar use by height and lot coverage restrictions, but in most cases the regulations neither restrict nor encourage such energy production.

Centralized Technologies

Centralized energy production technologies are the traditional heavy industrial technologies including oil drilling, oil refining and electrical power generation in steam plants. Oil drilling is not regulated by land use controls, but is controlled by the City through an oil drilling ordinance. Other centralized production facilities are regulated and are restricted to heavy manufacturing zones and require public review through a conditional use permit and environmental review under the California Environmental Quality Act (CEQA). Elimination of these procedures could speed the approval of such projects, but CEQA review (the significant time consuming review) would most likely be required at some point in the project approval process by non-City agencies in any case.

Finally, energy resource shipping and pipeline transmission facilities are considered in this category. Energy resource shipping is regulated by City land use regulations, but such activities are permitted in the Harbor without restrictions. Pipeline transmission facilities are not regulated, as regulation by the Public Utilities Commission exempts them from local zoning, subdivision or General Plan controls.

Summary

The land use regulations of the City of Long Beach greatly and profoundly affect energy consumption and production. The General Plan of the City, as the basic guide to land use, has been structured with energy efficiency as a major goal. This has lead to an efficient energy use pattern in a major portion of the City, but has been compromised due to conflicts with other goals in some areas.

The zoning and subdivision regulations are structured to implement the General Plan. However, they also contain detailed site design standards that affect energy use and production. In the main these standards neither encourage nor discourage energy efficient site layouts and solar use potentials. Such encouragements could be added to these standards, and the City Planning Commission intends to study such potential ordinance amendments in the coming year.

Land use regulations also affect the construction of some major energy production facilities. These regulations do not significantly affect the time period necessary for approval of such projects, but do give the City authority to deny private industry the right to build such facilities in Long Beach.

TRANSPORTATION STRATEGIES FOR ENERGY CONSERVATION

For the category of urban transportation related energy consumption, the most significant potential savings are clearly in the area of improved motor vehicle fuel efficiency. However, an important contribution can also be made by programs designed to reduce reliance upon the private automobile, thereby reducing vehicle miles of travel. Further, such programs will become increasingly important in order to maintain a basic level of mobility in times of acute shortages by providing alternative modes of travel.

The practical alternative modes in Long Beach for the foreseeable future appear to be bus service, carpools and vanpools, and non-motorized (bicycles, walking) transportation. In the coming year, the Transportation Planning staff of the Department of Planning and Building intends to study methods which could be implemented by City government to encourage the use of these modes. Candidate methods with high potential include the following: relaxed parking standards for new developments agreeing to promote the use of alternative modes, employer based bus pass and/or carpool programs, focussed application of existing regional carpool program in Long Beach, development of fringe parking lots, and establishment of preferential parking for carpools in selected parking facilities.

It should be pointed out that the City of Long Beach has already taken some steps to encourage a shift to more energy efficient modes. Some years ago, the City enacted the free bus pass program for its employees, an attempt which was somewhat diluted by later union negotiations which also gave employees free parking. More importantly, the City is now engaged in final design for a transit improvement project in downtown which is an integral part of the downtown redevelopment program. The objective of this transit improvement project is to rationalize the bus system and to provide for easy transfers among Long Beach transit lines and the lines of RTD, Torrance and potentially Orange County. Approximately \$22 million of Federal and State funds will be spent to make major street and transit improvements. Included will be the first street transit transfer center through which every transit vehicle serving downtown will pass, and the Locust Avenue Mall which will include a tram vehicle to carry persons from the Main shopping mall south of Ocean Boulevard to the Hyatt Regency Hotel. Over all, this program should make transit a more attractive alternative for people working and shopping in downtown Long Beach.

CHAPTER VII

EMERGENCY CRISIS ASSISTANCE PROGRAMINTRODUCTION

The City of Long Beach for its third consecutive year will participate in the administration of the Emergency Crisis Assistance Program (ECAP). In previous programs the local ECAP has provided assistance to 631 low income families (1,511 individuals) at an average cost of \$60 per household.

The funding allocation for FY 79-80 Long Beach program will be \$153,283, approximately 6% of which will be used for administrative costs. This project will be a one year grant based upon the federal funding period. Final contracts are expected around January 1, 1980. Therefore, the Long Beach program will extend for nine months, through September 30, 1980.

Based on statistics from previous programs, the City plans to provide assistance to approximately 2,082 households during the nine month period. Meeting the needs of seniors and the disabled has been set as a program priority.

Based on last years program, payments will average \$60 per household. A \$150 limit per household has been established in order to increase the total number of persons served. This limit will be extended to \$400 per household in cases documenting extreme emergency.

PURPOSE

Many elderly, handicapped and other low-income residents of Long Beach are unable to meet the increased costs of utilities that result during the winter months. A series of delinquent utility bills results in the discontinuation of vital services such as gas, electricity and water. The loss of such services poses a serious threat to the health and well-being of low-income persons and their families. The Federal government has recognized this problem as a national crisis. In response, the Federal Community Services Administration is providing grant funds through the State Office of Economic Opportunity in an attempt to assist low income individuals to meet their utility needs. Assistance will be provided in the form of payment of utility/fuel costs for eligible households. Also, steps will be taken to provide immediate, short-term assistance for needs such as fuel supplies, warm clothing, blankets, replacement of broken window panes, firewood, fuel oil delivery, temporary shelter, nutrition, health and other supportive services.

TARGET POPULATION

Long Beach, a City of some 400,000 residents is a prime candidate for the administration of ECAP funds. Projected figures for 1980 indicate that 62,218* Long Beach residents will be below poverty level. In the City of Long Beach, there are currently 10,253* AFDC recipients, 23,362* food stamp recipients, 44,912* social security recipients and 763* persons receiving general relief. The handicapped population including sensory, physical and mental disorders is 67,730*. The number of senior citizens (55 and over) below poverty level has been estimated at 12,488*.

OUTREACH

Outreach and recruitment will be conducted thru the use of advertisements in local newspapers and the distribution of approximately 20,000 fliers. Fliers will be distributed by community agencies to walk-in clients and to all clients on agency mailing lists. The City's Department of General Services will provide a list of all seniors receiving utility users tax exemptions. These seniors will be contacted and informed of the availability and eligibility requirements for the ECAP.

ELIGIBILITY

To receive assistance, all participants must be residents of the City of Long Beach and must not exceed 125% of the income criteria as established in the CSA Income Poverty Guidelines. It is anticipated that a major portion of the eligible applicants will be recipients of SSI or AFDC.

INTAKE CENTERS

Within the City, five target areas of low-income representation have been identified. Each area contains several CSA funded Neighborhood Centers and City operated facility centers. These centers along with several churches and community organizations will be used to conduct the intake of participants eligible for assistance. The following is a list of participating agencies.

1. Central Facilities Center
2. West Facilities Center
3. North Facilities Center
4. Senior Center
- **5. Long Beach Geriatric Health Care (SCAN)
- **6. Disabled Resources Center
7. North Long Beach Neighborhood Center
8. East Long Beach Neighborhood Center
9. Westside Neighborhood Center

**SCAN and the Disabled Resources Center will conduct intake for seniors and disabled individuals who are unable to leave their homes.

*Annual Planning Information Los Angeles-Long Beach City of Long Beach Supplement 1979-1980, Standard Metropolitan Statistical Area, EDD, May 1979.

INTAKE PROCESS

At the intake center, the applicant with the assistance of an agency representative will complete an intake form provided by the City. The form must be dated and signed by both the applicant and the agency representative certifying that the information is accurate. Each applicant must also submit copies of all delinquent utility bills for which they are seeking payment.

Agencies will submit all applications received for processing to the City's Community Services Division. This will be done on a daily basis in order to record the rate of expenditure city-wide. Any applications not providing complete information or adequate documentation will be returned to the agency pending completion.

Program Analysts will review all applications to determine their eligibility for assistance. A list will be established of all eligible applicants by name, bill number(s) and total dollar amount of assistance to be provided. This list will be distributed to all intake agencies and participating utility companies. Payment vouchers will be signed by both the Analyst and the Program Manager before distribution. All applicants not meeting the eligibility requirements for assistance will be notified in writing.

ADVISORY COMMITTEE

A thirteen member Advisory Committee will be formed with representatives selected as follows:

- One representative from each of the five target areas
- Two senior citizens
- Two private sector employees
- Two public sector employees
- Two disabled individuals

Prior to initiation of the program, the City will confer with local utility companies. Contact persons will be established to facilitate the process of notification of eligible applicants and the transaction of payment vouchers. During the month of December, the City will conduct a training session for all agency representatives participating in the program. Training will consist of detailed coverage of the intake process.

A final evaluation of program effectiveness will be conducted by the ECAP Advisory Committee.

CHAPTER VIII

ENERGY CONSERVATION AND WEATHERIZATION PROGRAMINTRODUCTION

The City of Long Beach has applied to the State of California Office of Economic Opportunities (OEO) for \$251,834 in additional funds for the weatherization assistance grant program. The grant will be utilized to provide insulation to weatherize the homes of the low-income elderly and handicapped persons for the period from January 1, 1980 through December 31, 1980.

The \$251,834 funding allocation will provide materials needed to insulate and make minor repair to the heating systems of approximately 342 eligible homes. The project will utilize \$28,850 in administrative costs. The grant will be a one year grant based upon the federal funding period.

The current weatherization assistance grant in the amount of \$110,178 will benefit from 460 to 600 households by June 30, 1980. Combined, both projects will provide weatherization assistance to approximately 942 low-income households throughout the City.

PURPOSE

The cost to utilize natural gas fuel to provide warmth during the winter months is imposing extreme hardships to low-income residents, especially the elderly and handicapped populations of the City. Approximately, 18,500 households in the City were identified as the primary accommodations for low-income residents, by the City's Community Analysis Program survey. At least 15,444 of those households were identified as constructed prior to 1934 and without the energy saving insulation.

The \$251,834 in weatherization assistance funds enable the Long Beach Gas Department to save a sufficient percentage of natural gas on an annual basis. The Natural gas consumption during the winter months is estimated to go down 20% and at least 5% during summer months.

The labor portion of this weatherization project is being provided by the Comprehensive Employment and Training Act (C.E.T.A.) funded Community Builders Corps (CBC) operated by the Bureau of Public Works. The CBC have identified and collected the Low-Energy Conservation Program applications from at least 600 low-income family dwelling units to date.

TARGET POPULATION

Approximately 942 low-income family households throughout the City of Long Beach will be insulated against energy waste. No household will be weatherized without first obtaining the written permission of the owner of the dwelling or an agent and the tenant on a weatherization service agreement.

Priority is given to identify and provide weatherization to the elderly, handicapped, and low-income households.

OUTREACH AND RECRUITMENT

Outreach and recruitment will be conducted through the utilization of announcements and informational ads in the local newspapers and radio stations, and the distribution of flyers. The flyers are to be available at the City operated Facility Centers and Community agencies throughout the City of Long Beach.

The Long Beach Area Geriatric Health Care System and various other Senior and handicapped organizations will contact and inform clients of the eligibility requirements.

ELIGIBILITY

In order to receive weatherization assistance, all participants must be residents of the City of Long Beach and live in a dwelling of family unit or household. Written approval is required from the owner before any weatherization can begin and the Community Builders Corps must inspect the household for weatherization certification.

The following are the annual family income levels used to determine the eligibility criteria for the current weatherization grant.

<u>Family Size</u>	<u>Non-Farm Family</u>	<u>Farm Family</u>
1	3,925	3,363
2	5,200	4,438
3	6,475	5,153
4	7,750	6,588
5	9,025	7,663
6	10,300	8,738

V:
V

INTAKE PROCESS

At present, 600 low-income family households have been identified and have completed low-Energy Conservation Program application forms. The proposed grant will provide funds for an additional 342 households for weatherization insulation.

The Community Builders Corps receives referrals from participating agencies and conduct inspections of each household to determine if the structure is sound and what amount of repair is needed to assist household to conserve its consumption of natural gas fuel. If house is declared ineligible because of excessive repair work needed, the applicants are referred to the local Housing and Community Development organization, U. S. Farmer Housing Administration and Housing loan programs.

A series of follow-up inspections will be conducted as a final evaluation of the programs effectiveness at various time intervals within an 18-month period following weatherization.

ADVISORY COMMITTEE

The Advisory Committee will be the same committee used by the Emergency Crisis Assistance Program.

CHAPTER IX

FLEET CONSERVATION MEASURES FOR FUELS AND ENERGY

This report identifies major fleet related conservation programs undertaken by General Services and the Gas Department.

Emphasis on Compact/Subcompact Vehicles

Since the 1974 fuel availability problem experienced across the nation, there has been a concerned effort on the part of the City to purchase compact and subcompact vehicles in its Annual Vehicle Replacement Program. In addition, vehicle specifications are written to include fuel economy considerations as a basis of evaluation.

The significance of this fuel saving effort is illustrated below with a listing of the performance of our current fleet in terms of average miles per gallon.

<u>Vehicle Type</u>	<u>Number of Vehicles</u>	<u>% of Total Sedan Fleet</u>	<u>Average MPG</u>
Standard Size	56	24%	12.9
Compact	143	59%	14.8
Subcompact	42	17%	19.5

It is estimated that all standard size sedans will be replaced by subcompact type vehicles by 1981.

Police Patrol Vehicles

In keeping with the overall policy of utilizing smaller, more fuel efficient vehicles, a program was initiated to replace all standard size patrol vehicles with specially built compact police cars. A comparison of average miles per gallon demonstrates the fuel savings advantages of compact police vehicles which is significant, given the fact that more than 2,000,000 miles are driven annually by the patrol force.

<u>Vehicle Type</u>	<u>Average MPG</u>
Standard Size	8.1
Compact	9.9

This program is now complete and a 22.2% increase in fuel economy has been realized.

Compact Pickup Truck Conversion

The emphasis on smaller more fuel efficient vehicles has also been furthered with the purchase of compact pickup trucks. The acquisition of these vehicles was initiated in 1975 and has resulted in a significant increase in fuel economy. This increase is demonstrated by the following:

<u>Vehicle Type</u>	<u>Number of Vehicles</u>	<u>Average MPG</u>
Standard Pickup	131	8.9
Compact Pickup	59	18.6

Diesel Conversion

The City has also been systematically engaged in converting gasoline vehicles to diesel power since the early 1960's. As a result, newer diesel powered fleet vehicles have experienced 30% to 50% increase in fuel mileage depending the type of vehicle. To date, the major diesel replacement effort has been directed at the fleet's heavy equipment categories; refuse packers, fire apparatus, and construction equipment. However, because of increased diesel availability in lighter vehicles, the City is beginning to purchase diesel sedans and pickups.

There are currently 264 diesel powered vehicles in operation in the City's fleet.

Compressed Natural Gas Conversion

The Long Beach Gas Department began a fuel conservation program nine years ago which converted ten Gas Department vehicles to compressed natural gas. The vehicles were modified to operate on both natural gas and gasoline. This "dual-fuel" approach has resulted in significant savings of gasoline as well as improving the vehicle's economic life span through cleaner and

more maintenance free operation. Because of the fuel economies and lower maintenance costs, 70 vehicles utilizing the dual-fuel system were converted in 1974.

As an indicator of the program's fuel savings success, a sampling of these vehicles by type, compared with similar vehicles not modified for dual-fuel operation is indicated below:

Gasoline Consumption (In Gallons)*

<u>Vehicle Type</u>	<u>Dual-Fuel</u>	<u>Gas Powered</u>
Standard Pickups	2,288	6,694
Compact Pickups	583	1,437
Sedans	1,739	3,783

*The figures indicated represent the average gallons of gasoline which have been consumed by the surveyed vehicles within each vehicle type.

In addition, a feasibility study has been conducted into the possibility of converting 31 additional vehicles utilized by the Public Works Department to dual-fuel compressed natural gas.

Converting Fleet Vehicles to Gasohol

In July 1979, the City Council requested a study on the feasibility of converting part of the City fleet to gasohol and/or methanol.

An extensive investigation regarding the feasibility of converting the City fleet to gasohol has been finalized which included contacting several agencies and observing test programs. Agencies contacted included the State of California, City and County of Los Angeles, the Air Resources Board and the Society of Automotive Engineers.

Because of the lack of availability of commercially pre-mixed ethanol and gasoline (gasohol) from contract vendors, all agencies using gasohol are mixing gasoline and ethanol at their own pump site. In several cases this has required modifications to fuel dispensing units and the development and use of separate fueling sites. Since Long Beach does not have a convenient dual tank dispensing facility that is required to pre-mix this fuel, we do not plan to implement a local test but will continue to observe and participate with other agencies.

The City has also conducted several tests on fuel control carburetion systems and fuel additives over a period of years. However, none of the tested products have proven to be cost effective.

Employee Bus Pass Program

Since July 1, 1977, the City has maintained an agreement with the Long Beach Public Transportation Company to allow City employees to ride LBPTC buses free of charge by showing their photo identification card. This program was developed as an incentive to City employees to utilize public transportation whenever possible. A brief summary of public transportation usage by City employees will serve as an indicator of the program's success:

	<u>77-78</u>	<u>78-79</u>	<u>79-80</u>
City Employees Regularly Utilizing Transit	190	300	700
Total City Employees	5,700	5,200	5,200
% Regular Transit Riders	3.3%	5.8%	14.0%

The annual cost of this program is \$18,000, or 6.2c per employee ride.

CHAPTER X

RESIDENTIAL CONSERVATION SERVICE PROGRAMLong Beach Gas Department

The National Energy Conservation Policy Act (NECPA) of November 1978, Public Law 95-619, Title II, Part 1, requires the United States Department of Energy (DOE) to establish a national energy conservation "Utility Program". The objective of this program is to facilitate and encourage the installation of energy conservation and renewable resource measures in existing homes of customers of large gas and electric utilities and home heating suppliers. The National Energy Conservation Policy Act (NECPA) is one part of the National Energy Act of 1978 which has the overall goal of reducing the need for imported oil, increasing use of fuels other than oil and gas, and facilitating more equitable use of energy in the United States. The Department of Energy (DOE) has issued final rules effective as of December 7, 1979, which outline a Residential Conservation Service (RCS) Program requiring public utilities to provide information and assistance to residential customers wishing to undertake energy conservation measures to reduce energy consumption.

The Residential Conservation Service (RCS) Program requires gas and electric utilities with annual sales in excess of 10 billion cubic feet of natural gas or 750 million kilowatt hours of electricity to provide several conservation oriented services to residential customers. The Long Beach Gas Department currently sells in excess of 10 billion cubic feet of natural gas annually and, therefore, is subject to the requirements of the Residential Conservation Service (RCS) Program.

The conservation services required include offering to audit all eligible utility customer residences as to their energy savings potential and specifically address the energy conserving measures and practices and renewable resource measures specified in the Residential Conservation Service (RCS) rules. To accomplish this, a utility conservation auditor must visit the customer's residence and make physical inspections, take measurements, and perform calculations of savings and costs associated with the installation of appropriate conservation measures. The results of the energy audit must be presented to the customer with appropriate explanations of each energy savings recommendation. The cost of the audit may be either charged to the customer or will become part of the operating expense of the Gas Department. The offer to perform the audits will be made via the RCS Program announcement that must be distributed to all eligible residential customers every two years until 1985. The announcement must contain the offer to complete the audit as well as all other benefits and conditions pertaining to the RCS Program (i.e., installation and financing arrangements, inspection, etc.).

Among the other benefits associated with the RCS program is the requirement that each gas or electric utility offer to arrange for the installation of any conservation measures, as well as arrange for the financing. Also if a customer takes out a loan in connection with any conservation measure, from an approved lending institution, then the utility must offer to collect the loan payments for the customer as a part of the regular utility billing service. In addition to the audit services provided, each utility must devote appropriate attention to consumer protection as follows: The utilities must conduct on-site post-installation inspections of conservation measures. A conciliation conference, if required, must be made available for the purpose of resolving complaints by customers against contractors and financial institutions who sell, install or finance the sale or installation of program measures. Also a redress proceeding must be made available to all persons alleging injury arising from an activity carried out under the program.

Program preparation and Department of Energy (DOE) approval will be accomplished sometime within the next nine months and full implementation shortly thereafter. At that point in time, the Long Beach City Council will be requested to issue a Resolution requiring program implementation. Implementation of the program is mandatory as of March, 1981, but will probably be fully effective by the fall of 1980.

The RCS Program applies to those existing single-family to four-family dwelling units with a heating and/or cooling system that receive individual utility bills. The conservation measures covered by the RCS Program are applicable to those classes of residences in the City of Long Beach and Signal Hill.

It should be noted that not all of the conservation measures will be applicable to every customer and that even though some of the measures are associated with electrical energy, the Long Beach Gas Department, as the primary space heating fuel source, is still required to recommend them when applicable according to the Residential Conservation Service Program as required by the National Energy Conservation Policy Act.

Cost estimates for program implementation are only tentative at this point, but a range of \$200,000 to \$500,000 annually can be expected. These figures are based on providing from 1000 to 5000 energy audits per year and it is anticipated that these costs will be classified as operating expense.

Currently, the Long Beach Gas Department is reviewing the options available under the (RSC) rules. The (RSC) rules are so written as to allow for formulating a conservation program either under the authority of the Department of Energy (DOE) or the California Energy Commission of the State of California.

As a final note, it should be mentioned that the requirements for this program can be amended periodically, thereby, changing the scope from that which was described herein.

Mr. WILDER. We believe that the State has a place in the centralization of data collection. The State should monitor the achievements of local government and logically they should report it. I think it is the locals, however, who can design the plan and achieve the immediate results.

One obvious example of a comparable situation is in the environmental field. Air quality planning, required by the Clean Air Act, was a program designed locally and coordinated by the State. It has taken the State 10 years to coordinate the local programs.

I think with direct passthrough we can bypass a great deal of bureaucracy and hit those immediate things that can create significant results and generate effective conservation measures. Through a direct Federal-local relationship we can focus on the climate and the geographic benefits that can be achieved in southern California or New York through solar energy projects.

As I said, there is a place for the State, but in our opinion there is more of a need for a direct Federal-local partnership in this program.

Second, to address myself to the agency that would administer the energy program, we have had tremendous success with the Housing and Urban Development Department in coordinating our programs. With HUD's assistance we have been able to leverage \$10 of private investment for each \$1 of public investment in our downtown revitalization project. A total of \$60 million in Federal programs has resulted in approximately \$600 million of private investment and we expect to be well over \$1 billion by next year.

We would be satisfied—we have had very good experiences so far with the Department of Energy. We feel that they could manage and monitor block grants. However, we would encourage them to use the block grant model which has been designed by HUD which has proven successful and I think those would be the statements I would like to address to the two questions, Mr. Chairman.

[The prepared statement of Marc Wilder follows:]

ATTACHMENT I

February 19, 1980

TESTIMONY OF
MARC A. WILDER, COUNCILMEMBER
CITY OF LONG BEACH, CALIFORNIA
ON H.R. 4382, THE ENERGY MANAGEMENT PARTNERSHIP ACT
BEFORE THE HOUSE OF REPRESENTATIVES
SUBCOMMITTEE ON ENERGY AND POWER OF THE
COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE, AND
SUBCOMMITTEE ON ENERGY DEVELOPMENT AND APPLICATIONS OF
THE COMMITTEE ON SCIENCE AND TECHNOLOGY

Mr. Chairman and members, I am Councilman Marc Wilder, of the City of Long Beach, California. Thank you for the opportunity to state, on behalf of the City, our support for the legislation before this Joint Committee Hearing. We especially support the consolidation of major energy programs in the proposed Energy Management Partnership Act.

Second, Mr. Chairman, we recommend that a direct Federal-local grant process be incorporated into EMPA even though some state level coordination and consultation is always necessary.

This short statement will come right to the point of these two concerns.

Program Consolidation

EMPA's requirements for the development of a state energy plan and for the consolidation of existing programs will help streamline the Federal aid system. Our experience in Long Beach supports such an approach.

In the field of urban development alone, Long Beach has seen how Federal programs with widely divergent objectives can be used to produce comprehensive and timely results when the need for coordinated action is recognized in statutory language. We strongly urge that an omnibus legislative package be assembled which incorporates both direct funding for local services and consolidation of major state level programs.

2.

City Experience Supports Direct Funding

Long Beach has an outstanding and successful record of administering Federal funds which has received national attention. Perhaps our experience will be helpful in this Hearing today. For example, the continuing success of the City's downtown revitalization program is due in large measure to the strong working partnership which we have developed with federal agencies such as the Department of Housing and Urban Development, the Urban Mass Transit Administration and the Economic Development Administration.

The City has demonstrated the capacity for careful and innovative financial and land use planning as well as effective management of a multiplicity of funding sources. As a result, the direct Federal-local grant process specified in the implementing legislation of many of the urban development programs has enabled Long Beach to support certain key national goals for economic development and at the same time meet our own local needs -- both on a timely basis. We are confident that a similar Federal-local partnership in energy programs will be equally successful.

The local level provides the greatest opportunities for tangible near-term results. It is at the local level that concerted energy efforts, such as conservation and renewable resource development are already showing results which need to be encouraged. The funding resources to encourage continuing energy efforts must flow in the most direct line possible according to our experience. At the local level there is a sensitivity to the variations of geography and climate; there is a built-in management capability to make effective and creative use of both human skills and economic resources; and it is the local level that direct citizen involvement can take place -- all

3.

necessary components for any comprehensive energy conservation and development activity.

Our review of EMPA is based on over a decade of effective partnership with the Federal Government. We recognize the important role of state governments in energy conservation and in energy development particularly. However, a major point which the City of Long Beach wishes to stress in this Hearing today is that properly managed, direct Federal-local funding is now critical to the nation's success in achieving energy self-sufficiency. An undue administrative burden, caused by intervening layers of bureaucracy, can slow down and soon invalidate the real energy achievements that can be made by local governments at this time.

For example, a true Federal-local partnership offered in the EMPA program, properly administered, can help the City of Long Beach expand ongoing activities at a time when there is a shortage of local revenues to meet such national priorities as energy efficiency.

Both economic and energy development are now inseparable concerns for any local government. The City's past achievements aided by Federal assistance are an example of how a new, directly funded and consolidated energy package can enhance economic development projects which already have been paid for by taxpayers' dollars.

Federal funding is the catalyst in a plan to develop a solid waste resource recovery project which will convert refuse-to-energy. Under the Local Public Works Act administered by EDA, the City is nearing completion of the conversion

4.

of street lights to energy saving, low-pressure sodium lights. Gasoline consumption is being reduced through the purchase of smaller, more energy efficient vehicles for the City's fleet. Bus ridership and carpooling by City employees are being encouraged. The City has undertaken a weatherization program, using CETA employees to insulate 300 homes by the end of the year. As the operator of a municipally owned natural gas utility (the largest in the country) the City of Long Beach is taking advantage of the Residential Conservation Service program established by Congress in order to help our customers save energy. I have brought with me, for your review, copies of the City's initial energy planning document. If the Congress passes EMPA we plan to use federal assistance to enhance management of the City energy activities outlined in the document and to expand them into areas such as solar and wind power, taking advantage of Long Beach's location and climate. The full potential of this local energy planning and coordinating can only be realized by the enactment of the pending EMPA legislation, now before these two Committees.

In Summary

Again, Mr. Chairman, as best evidenced by Long Beach's downtown revitalization program, a direct relationship between the Federal Government and cities has been shown to work to our mutual benefit and in the national interest. We are pleased to be able to support EMPA but we urge the Committees to consider strengthening the measure by providing assistance directly to local applicants and we also recommend program consolidation to improve fiscal and program performance.

Mr. OTTINGER. We have a good number of our colleagues here and I appreciate their attendance. I will recognize them in the order of their appearance.

We do have another panel so I think we ought to try to restrict ourselves to 5 minutes, Mr. Fish.

Mr. FISH. Thank you very much, Mr. Chairman.

It comes across to me that the panel is unanimous that local governments know best as to what types of energy conservation would work in their particular area. So I guess my questions would be directed to questions of coordination.

Unfortunately, we do not have the benefit this morning of a representative of the counties. I believe, Mayor Conway, you spoke of counties of 100,000 or more eligible for funding.

The county I come from—I do not think it is untypical of New York in the city even though there will be an office in the city running the crisis intervention, weatherization programs, and so on, they are not run by the city but rather by the county.

And where we have county forms of government and county executives, it seems to me it would be more efficient in many respects to have all of these energy efforts in one office, not just somebody who was concerned about the winter months and helping people with their fuel bills, but someone with a larger total picture.

I wonder what role you gentlemen see for county government in areas where there are just small cities.

Mr. CONWAY. Mr. Chairman, I am not the best witness to respond to that because St. Louis City happens to be one or two cities in the United States which is not in a county. I can tell you that from our own experience the model that the community development block grant process has used in dealing with all local units of government goes beyond counties to townships. In those parts of the United States, it has worked extremely well in getting that money allocated and expended.

As a matter of fact, I think what local units of government have been able to show, where they have been involved directly with the Federal Government, whether it has been a community development block grant money, whether it has been UDAC moneys, whether it has been local public works money, or has been EDA grants, is that they have been able to move money into the pipeline extremely quickly, I think we have a pretty good record, Mr. Congressman, that can be evaluated. It can be shown that local units of government who have the flexibility can move that money in a very effective fashion as quickly as possible.

Mr. HUTCHINSON. Mr. Fish, I think that we have to understand from State to State, the county systems are different and from county to county within those State systems, they operate differently.

If you begin with a threshold of population as my colleague spoke of originally, 25,000 say, for cities, and then maybe the counties could administer outside those city areas. In my State we have our county governments, but they have no zoning, no codes, or anything of this nature.

To stop our program in implementation at the county level waiting for them to come with some countywide zoning and codes, you will never get there. Perhaps, in the more rural areas, we do not

have to get there so fast but when you are in your metropolitan areas which embrace 75 percent to 80 percent of our total population, let's put it down where the capability exists today to implement what we are talking about.

Mr. FISH. Thank you.

The legislation before us requires only that States keep records and it strikes me as totally inadequate as far as any kind of clearinghouse goes.

Is it your contemplation that the Conference of Mayors and the League of Cities would themselves constitute a clearinghouse so that one city can find out what the experience has been in comparable sized cities in other parts of the country?

Mr. HUTCHINSON. I think that that could be feasible, sir. We do that now in some of our activities. If there is money available for the Conference of Mayors and National League of Cities to be able to put that resource together, I think that could be. But, now and again, understanding that what is going to work in Long Beach may not work in St. Louis—

Mr. FISH. At least you get the idea and the experience, and in your testimony, we have an experience of 20 cities, I understand. It is enormously valuable. You have to have a clearinghouse somewhere.

I do not expect every mayor of each city to sit down and suddenly come up with bright ideas.

Yes, sir?

Mr. WILDER. I am also on the executive committee of SCAG.

Mr. FISH. What?

Mr. WILDER. Southern California Association of Governments, our local COG—council of governments. It is a natural level of government to coordinate and act as a clearinghouse for information.

We have a population of 13.5 million in our five-county region and we do comprehensive planning. We have the necessary data to share with the cities and to collect it and monitor it as we go. The organization and its responsibilities are established and recognized by the Federal Government.

Mr. FISH. I think it was our experience in a hearing of this subcommittee in California recently that all are way ahead of the game.

With the indulgence of the chairman one more question and then I should leave. Again, on the question of coordination, you know, we already have many outreach programs in existence that are trying to get information to the public. I think we would agree with you that front-end money and dissemination of information are two of the basic questions that we have.

This subcommittee established the Energy Extension Service. We now also have the Regional Solar Energy Centers. We also have the National Solar Heating and Cooling Information Center and the Residential Conservation Service.

And what troubles me is how anybody knows where to go to get any information with so many bodies out there and how you would see your new role in coordinating with these existing groups or agencies, and frankly are they duplicative?

Mr. CONWAY. I do not think they would be necessarily duplicative, but with these programs presently in existence, oftentimes we do not have the capacity presently in place to fully maximize the information that exists through those present programs.

As Mr. Herzog has indicated, when we had the coal strike 2 years ago, I think in many of those communities around the United States whose energy was pretty much dependent on coal began to realize the significance of conservation.

At we moved immediately, that time, to establish within the city government an ad hoc committee and subsequently have established criteria. In addition, we have hired a, so to speak, energy Czar in the city of St. Louis and have begun expanding that staff so that we can begin first of all to deal with things that are internal to the city's operations.

But in terms of dealing with those things beyond just the city's operation in terms of developing a community action, we have extremely limited resources.

As a matter of fact, in my own city this year, to give you an idea of the financial constraints that I operate, we will probably be reducing the number of employes, maybe by 900 persons before the year is out. So that even the creation of this section within the city government was really one of the very few exceptions where we added people in city service.

But as we develop capacity, I think we can more effectively use those other programs that have been previously approved by Congress.

Mr. FISH. Would you like to comment on that?

Mr. WILDER. Yes, sir.

The program consolidation is extremely important. You ask where does a person go to? A person goes to city hall to get information on how to weatherize his home, how to get solar energy. The other Federal Government programs are necessary to develop the information but a person, our constituents, go to city hall, and I think that is important.

They also go for transportation, they go for food programs, every kind of program. Energy is going to be one of those programs that they are already calling me about and it should be put in the package under the roof of city hall.

Now, development of capacity is extremely important and that is what I see this bill aiming for—the development of capacity at the local level to fit energy into the whole program of transportation, air quality, water quality, home heating, and everything.

It is another chip to consolidate programs.

Mr. FISH. Thank you.

Mr. OTTINGER. I would like to point out that we did invite the National Association of Counties. The chairman would have been here but he got stricken by the flu that is going around a good deal.

Their testimony will be included in the record at this point.
[The material referred to follows:]

Statement by:



National Association of Counties

Offices • 1735 New York Avenue N.W., Washington, D.C. 20006 • Telephone (202) 785-9577

Bernard F. Hillenbrand, Executive Director

STATEMENT

OF

THE HONORABLE HARVEY RUVIN, COMMISSIONER

DADE COUNTY, FLORIDA

ON BEHALF OF

THE NATIONAL ASSOCIATION OF COUNTIES

ON

THE ENERGY MANAGEMENT AND PARTNERSHIP ACT

BEFORE

THE SUBCOMMITTEE ON ENERGY AND POWER

AND

THE SUBCOMMITTEE ON ENERGY DEVELOPMENT

AND APPLICATIONS

U.S. HOUSE OF REPRESENTATIVES

February 19, 1980

STATEMENT OF THE HONORABLE HARVEY RUVIN, COMMISSIONER, DADE COUNTY, FLORIDA
ON BEHALF OF THE NATIONAL ASSOCIATION OF COUNTIES ON THE ENERGY MANAGEMENT
AND PARTNERSHIP ACT BEFORE THE SUBCOMMITTEE ON ENERGY AND POWER AND THE
SUBCOMMITTEE ON ENERGY DEVELOPMENT AND APPLICATIONS, U.S. HOUSE OF REPRESENTATIVES,
FEBRUARY 19, 1980.

Mr. Chairman, my name is Harvey Ruvin. I'm privileged to be serving as a County Commissioner in Dade County, Florida; and as a Co-Chairman of the National Association of Counties* Environment and Energy Steering Committee. NACo welcomes this opportunity to address the Energy Management and Partnership Act and we would like to commend the Subcommittee for holding this hearing. We sincerely appreciate your efforts and we look forward to continuing to work with you as this proposal moves through the Congress.

Introduction

While NACo has long been concerned with the broad implications of our energy dilemma, we have been particularly active in the area of county energy conservation. Our concern stems from the fact that in many respects local governments are at the cutting edge of efforts to reduce this country's dangerous dependence on imported energy and on scarce and non-renewable energy sources -- a dependence which we all recognize cannot continue.

Counties, and other local governments were among the very first to recognize the potential of energy conservation as an energy resource. Not only did we, as among the nation's largest consumers of energy, feel the pressures of rapidly escalating energy prices but we were also faced with a national effort to constrain our ability to raise revenues. As a result, we discovered that energy conservation was a useful tool for balancing a budget. Today, for this and other reasons, many local governments are actively involved in conservation programs and in the application of new and renewable technologies.

* The National Association of Counties (NACo) was founded in 1935 as the national spokesman for counties, to serve as a liaison between county government and other levels of government, and to improve the public understanding of the role of counties in the federal system.

-2-

What we have urged for some time is now being recognized in the national energy debate. Specifically, we feel that there is a growing recognition that conservation represents our most readily available and easily exploited energy resource. This is not to say that conservation is our only viable alternative. We recognize that if we are ever to reduce our dependence on insecure resources we must also vigorously strive to develop additional sources of energy, in particular renewable sources. We also gave qualified support for the establishment of an Energy Mobilization Board and we support the development of synthetic fuels, if pursued in a cost-effective, environmentally-sound manner. However, we are very concerned that in our rush to develop these needed resources we will overlook the enormous potential of conservation.

Local Role

When I appeared before the Subcommittee on Energy and Power almost two years ago, to address the Department of Energy's relationships with local governments, I noted the failure of the Federal establishment to motivate a patriotic zeal behind a conservation ethic. At that time I identified the fact that almost all federal energy programs focused exclusively on the states and that this contributed to this failure. I wish that I could stand before you today and say that we have made much progress since then, unfortunately we have not. Hopefully some of the proposals you are considering today will remedy this situation.

Local government are examples for the general public and the business community of what can be achieved through careful use of energy. Buildings, vehicle fleets, traffic control, and growth management are all local responsibilities and opportunities. What we learned, and will learn, in these areas

are equally applicable in both the residential and commercial sectors. In addition, local governments have daily contact with large segments of the population. Such contact represents an unequalled opportunity to reach and educate people on a personal level. Many local governments also run economic development agencies which can foster energy efficient industrial development and land-use patterns.

Local governments are sources of innovation. Communities in New England are looking at the many small dams in the region as a source of hydro-electric power. In addition, the region is using a readily available renewable resource, wood, on a growing scale to supplement or supplant heating oil and other conventional heating fuels. Dade County, Florida is building the world's largest resource recovery/energy from solid waste plant and has implemented a comprehensive energy plan which will save the County \$7 million a year when in full operation. Los Angeles County, California, is extracting methane gas from its landfills and has installed a computerized system for controlling heating, ventilating and air-conditioning in its buildings. And, Oakland, Michigan, has developed a comprehensive energy plan and is looking at ways to encourage district heating in the County.

I would like to submit two publications which further illustrate the role of counties. The first is a Guide to Reducing Energy Use Budget Costs which is a manual that describes ways in which local governments can reduce their energy consumption. The second publication is Establishing An Energy Office: Seven County Programs. It describes in detail how seven counties went about establishing energy offices and provides useful examples for other local governments.

Many local governments are now adopting similar measures. However, as impressive as these activities are, they are only a fraction of the potential that could be realized through a concerted federal effort to encourage local

-4-

conservation and innovation. This brings us to the legislation which is under consideration today.

Energy Management and Partnership Act

The EMPA proposal is not a new piece of legislation. Nonetheless the basic reasons for advancing the concept are as valid today as when it was first proposed. What has changed since the bill was first introduced is the recognition of the role that local governments can, and must, plan in finding solutions to our energy problems.

The proposals introduced by Representatives AuCoin and Holtzman should not be viewed as alternatives to the EMPA proposal. They are instead complementary and equally necessary components of an overall energy strategy. Whether or not these proposals are ultimately combined, as we would advocate, or are considered separately, both a state and a local program are necessary.

The key to our support for any proposal can be summarized in a single word, flexibility. We would oppose the development of a national model for energy conservation activities which was then imposed on local governments. Nationally imposed models cannot possibly take maximum advantage of unique local characteristics. Local governments know best where their resources are being used and where the greatest energy savings are possible. In this regard we feel that the role of the federal government should be limited to establishing goals and to monitoring the achievement of those goals. The specific mechanisms used to reach the goals should be left entirely to the participating local governments.

If the EMPA proposal and the local proposals are to be combined, as we think they should be, it is clear that a mechanism specifying the responsibilities of state and local governments must be adopted. In this regard we

would propose the following:

- the establishment of a state planning council, half of the members of which are elected local government officials appointed from lists submitted by the State Associations of Counties and the State Municipal Leagues. Such council shall be responsible for overseeing the development and implementation of the state plan and for making certain resource allocation decisions.
- the separation of the funds for local governments into two parts; one one for major metropolitan areas and one for local governments not located in a Standard Metropolitan Statistical Area.
- Funds for cities and counties of over 100,000 in population should be passed through the states on a formula basis. The state planning council would make allocation decisions for non-SMSA governments or consortia of governments.
- Plans and programs developed by units of local government should be reviewed by the state planning council for consistency with the state plan. And, the council should review the state plan for consistency with local activities and to insure that units of local government receive state funds commensurate with their responsibility under the state plan.

We feel that this approach offers a number of clear advantages. In the first place it treats the energy crisis as a problem which involves all levels of government. While each level has certain activities and responsibilities it performs best, coordination is required. The state planning council will provide that coordination. In addition, the Federal establishment is looking increasingly to state governments to implement many programs, in particular emergency contingency response activities. However, much of what can be done

in this area can only be done by local governments. Consequently, we feel that the council arrangement will give us a voice not only in the state planning activities required under EMPA, but in the area of emergency response and other delegated responsibilities as well.

Conclusion

In closing Mr. Chairman. NACO strongly supports the passage of a proposal which would incorporate the elements of both EMPA and the AuCoin-Holtzman proposals. We feel that a combined approach would be preferred and we are very interested in working with you and your fine staffs on refining this proposal. This concludes my formal remarks. I would again like to express my appreciation for the opportunity to appear today and I am prepared to answer any questions you might have.

Mr. OTTINGER. All right.

I recognize next, I understand, Mr. Anthony, and he has no questions.

Mr. ANTHONY. I have no questions.

Mr. OTTINGER. I recognize Mr. Royer.

Mr. ROYER. Thank you very much, Mr. Chairman. I certainly want to associate myself with the remarks of the gentleman from New York pertaining to the counties and using that vehicle as a possible alternative whenever possible.

We have 19 small cities within that unit. It appears to me that the county government would be a better place to operate.

I was very pleased to hear not only the panel but other colleagues indicate their real support for block grants, because I have been pushing that for a long time as a former local elected official. I believe that the block grant program to local government is the very best way to go. I would like to see that we continue to push in that direction.

The one concern that I do have that pertains to this program, over and above the duplication, is the flexibility that might be allowed with respect to some of the regulations and particularly where it pertains to the cost effectiveness of the programs.

You heard one of our colleagues comment earlier about some time frames to convert and retrofit and so on. I would like to know if you had any specific guidelines or plans wherein you are going to make sure that these incentives and requirements become cost effective.

We are tying this in closely with housing. I think the other real problem that we have in this country—I know certainly in our State and my county—is the cost and inflationary factor that is involved in housing. How are we going to be consistent and make sure that the things that we are requiring are going to be cost-effective in the long run?

I think there is a way of doing it, but I want to make sure that those in local government concentrate on cost effectiveness if they

are going to be administering programs—nobody has mentioned it this morning, but I think it is something that I want to emphasize early on.

Mr. HERZOG. To begin with, I think the early part of your remarks about the block grant approach are very pertinent.

For example, a great deal of legislation on State weatherization guidelines delineate say, for a multifamily building, how much can be spent per unit and within each unit how much could be spent on different amounts for materials, for supervision, for labor. There is nothing in there about the cost effectiveness of spending the total amount of money on the building in the best possible manner.

You have to follow guidelines which may work effectively in one city, very poorly in another. So I think that the first thing has to be to develop an approach which allows localities, counties or cities—New York City's five counties, we have a different perspective on that issue, that allows them the ability to determine, to go into a building, say, and say, all right, within the ceiling that we have got to spend in this building, should we insulate the roof, should we replace the windows, should we fix the boiler, and that approach can be taken on a very broad level.

Mr. ROYER. Does this panel support that kind of local authority, and that it exists and to make sure that your individual programs fall within that cost-effective criteria?

Mr. HUTCHINSON. Mr. Congressman, if the local government can institute the cost-effectiveness criteria and they would be able to review their own programs and have records to establish that, if we create a cost effectiveness that has to be reviewed at the State or Federal level, again, before the program can be implemented, I can see us getting back into the problems that we continually have.

Mr. CONWAY. Mr. Congressman, I would emphasize what has been said by Mayor Hutchinson. We have to produce pretty hard evidence, as it relates to the specific programs that are finally approved, is that block grant application. Of course, it also represents an endorsement by the city council and also the mayor in the respective cities, and I expect that is true in the counties, too. There has been a hard look at these things, and I am satisfied for the most part that the local units of government are going to prove that the programs are cost effective because we deal with all these things in a fishbowl just like you do. And the public is going to be somewhat insistent that we spend the money as efficiently as we can.

Mr. ROYER. The only concern I have—and believe me, I am supporting local government because of my experience and I am going to be pushing for the revenue sharing versus the countercyclical aids and those kinds of things—is that I would like to see your group actually coming out and supporting that way rather than supporting both when it looks like it is just an opportunity to get money.

But I do think that it is important that the concern about cost effectiveness be raised. I do know that local government in my opinion—and being from one, I think I can say this—has not been as efficient as they should be in being cost effective when it comes to other areas, and I am talking about the regulations and so on

that are required to go through the process. I refer to particularly the housing process, the zoning laws and all these things.

We ought to recognize the fact that you are in the best position to do it but there is some improvement that can be made.

I hope that we can bring these points out so that planning for efficiency in these programs takes place.

Mr. HUTCHINSON. Mr. Congressman, if that could be a threshold of a standard to meet for a reallocation for money on an annual basis at the local level—and we would have to prove that as we come forward—I see nothing wrong with it. To be able to demonstrate that we are aiming more and more to the cost effectiveness of the program.

Mr. ROYER. May I have one quick question, Mr. Chairman?

Mr. OTTINGER. Mr. Wilder wanted to respond.

Mr. WILDER. Speaking as an economist, we can achieve the greatest cost effectiveness at every level by doing it now.

Mr. ROYER. Thank you.

Mr. OTTINGER. Do you have one more quick question?

Mr. ROYER. I will hold it.

Mr. OTTINGER. The gentleman from Massachusetts, Mr. Markey.

Mr. MARKEY. Thank you, Mr. Chairman.

[Opening statement of Mr. Markey follows:]

I wish to welcome the witnesses to this hearing and to thank them for their willingness to assist us in putting together a proposal which will maximize the potential for conservation and renewable energy development of the cities and of the States.

I introduced the "Community Energy Efficiency Act" which was the work of Senator Paul Tsongas. I am proud to be the House sponsor of legislation with the potential for effectively directing some of our government's resources to the local level in an effort to have all sectors involved in the resolution of our nation's energy crisis. Communities in this country can offer immediate and long-term energy alternatives, but they must have financial assistance in the beginning.

We are in the midst of an energy crisis in this country which shows no signs of easing up or levelling off. We have passed legislation which will expedite domestic energy production and transportation and which will pump billion of dollars into a synthetic fuels industry for the 1990's. But what have we done for the next five years, the critical years before we have more stable domestic energy resources. We are dependent upon other countries for half of our oil and that dependence has now begun to clearly show us all the effect it has on our dealings with those countries and on our stature in the world community.

Our energy consumption must be at its most productive for the next five years because our domestic resources could become our sole supply at anytime. The most immediate response to an unstable energy supply is to save as much as possible of the energy which is wasted everyday in our homes and in our communities. In so doing, we effectively produce more energy.

The Community Energy Efficiency Act would establish a grant program to fund energy conservation and renewable resource planning, programs and capital projects at the local level. Community responsibility over land use, building codes, traffic control and zoning ordinances can have a tremendous impact on the national energy effort. This bill would provide financial support for community-based energy productivity with an appropriation of \$5 billion over the next five years. It is a modest amount to spend for what I consider to be potentially one of the best investments our government could make.

Mr. MARKEY. What problems do individual communities have across the country in implementing a plan like this without this kind of aid that made it possible for Seattle or Portland or Davis to be able to undertake such a project without any substantial Federal assistance?

Mr. CONWAY. Mr. Congressman, I think you have to appreciate in some municipalities that actually run the public utility as in

Seattle and Los Angeles, where they actually run the power system in those respective communities.

When you are in the power business, you are in a much stronger position to effect significant conservation within your community. I think that is specifically why cities like Los Angeles and Seattle were able to move very effectively in their conservation efforts.

I might add, too, that Seattle and Portland also received early on certain HUD-sponsored grants to allow them to do some of these innovative items.

Mr. WILDER. A lot of the programs, Mr. Congressman, across the United States are already being funded by the Federal Government. One thing that I would encourage is to let the cities develop conservation plans and implement them. We are already implementing, for example, the energy audits in four city facilities. Developing an increased capacity will help us do it quicker and more efficiently. We can expand the program to achieve greater savings and, if similar activities are undertaken by other cities, the cumulative savings will be a national solution to the energy problem.

If we can cut through these little nickels and dimes, and cut-back on 20 percent of energy use throughout the city, the cumulative total will be 20 percent across the Nation.

Mr. MARKEY. Do you find that, in talking with the members of your association, that there is a widespread interest on this kind of grant, on the part of the cities and towns across the country? Is this the approach that they believe is going to be the most effective?

Mr. CONWAY. Mr. Congressman, I can speak for the National League of Cities. At our recent annual convention at the Congress of Cities, one of the most important priorities was the support of this kind of legislation. It is an item that is heavy on the minds of the individuals who make up the membership of the National League of Cities and of the U.S. Conference of Mayors.

Mr. HUTCHINSON. Just to echo that, Mr. Congressman, and carry on my initial remarks and answering, the DOE would have a problem in implementation of this.

One of my problems in endorsing totally the DOE's ability or willingness to go into this program I guess the Deputy Secretary Sawhill now is still talking about going through the States to get this implemented and, of course, we, for years, have said that if the block grant approach is given to the city we will perform.

Mr. MARKEY. Now, the administration's program deals with planning, giving planning grants to the individual communities or entities that would be applying for these funds. The bill that I am filing gives those same kinds of grants and that has another capital program which is then able to implement it.

Would you have any suggestions on how that would possibly be administered? Do you think that would be better off at a local level or should the State, at that point, be able to interject itself in the process or do you feel comfortable with the relationship between the Feds and the local government?

Mr. HUTCHINSON. I think it naturally follows if we have the plan, we should be able to implement it and we do not need somebody pounding on our head to advise us how to do that. We are there

and in the process and the great thing about what you are suggesting in your bill, sir, is that we go beyond the planning stage. In some cities they are finished the planning stage. They need to implement and they want to get on and they do not have the capacity to do it. They don't have the money.

Mr. MARKEY. Let me ask you, you are looking at the administration proposal and you see some money for some planning. Let us assume that we resolve that and that we give the planning grants to the local communities to be able to put together their strategies for dealing with their own energy problems.

Should we also have, accompanying that, the portion of my bill that also deals with the capital outlay?

Mr. HUTCHINSON. That is right. We are endorsing your bill, sir. We think that is exactly where we ought to be.

Mr. MARKEY. If you are going to endorse the bill, is that the approach you would take, to put it together in those two stages?

Mr. HUTCHINSON. Yes, sir. It does no good just to plan it. We have a problem out there. We know what it is and we want to get on with the implementation, the solution.

Mr. MARKEY. I don't want to put words in your mouth. You sure can speak. You do think there is a deficiency in the administration approach here in not having the tie-in?

Mr. HUTCHINSON. Yes, sir, in taking the second step.

Mr. CONWAY. Speaking for the National Leagues of Cities, we would echo the remarks of Mayor Hutchinson.

Mr. MARKEY. Do you agree?

Mr. WILDER. I would agree with the concept totally. I think, however, giving the money to the State would put the capital improvement money for energy in a vacuum. Energy problems must be addressed in the context of transportation and economic development as well.

By establishing a direct relationship with the city, you are assuring that energy funds will be coordinated with other programs, and the result will be a truly coordinated conservation effort.

Mr. MARKEY. You would also agree that the administration plan should have some kind of capital grant program to accompany the planning?

Mr. WILDER. That is correct.

Mr. HERZOG. Mr. Congressman, I would just like to endorse that. In the experience of a particular city, right now we are trying to recapture methane from our landfill. We are trying to site a resource recovery plant, trying to locate some sites for hydro facilities for the city's water system. We are interested in a coal gasification experiment, including a major capital conservation program for the city's own facilities.

It would be very useful for us to have help in planning and siting those facilities and it would be equally useful for us not to have to go through another state mechanism to receive those funds.

Mr. MARKEY. Have you had an opportunity to look at the funding levels that you would like to see nationwide for the individual communities to be order to deal with this comprehensively, as far as the capital outlay, to make a real effective use of the energy efficiency which is possible in community-run programs?

Mr. CONWAY. Mr. Congressman, the National League of Cities has reviewed the various bills before these respective subcommittees, including that sponsored by yourself, and we feel that those bills are fairly much in the range needed to carry off an effective program.

Mr. HUTCHINSON. Mr. Congressman, my testimony said \$500 million and we think that is the place to begin looking at it. Again, as you look at different levels of government it is interesting to see what the position is.

I keep getting the feeling that, at some levels, they are interested in getting the money instead of getting on with the job. We can get on with it. I hate to be repetitive, but that's where it is.

Mr. MARKEY. Does your interest in CDBG's decrease as the money decreases?

Mr. HUTCHINSON. I do not understand.

Mr. MARKEY. What I am saying, in order to get the most effective return on the investment—although I would favor a large appropriation I am not so sure I am going to be successful in my efforts. But if there are smaller amounts which are appropriated, do you think that there might be a different approach rather than scattering this money, shotgun approach across the country without having any real effective way of seeing any plans implemented?

Mr. HUTCHINSON. The Chairman was speaking something to that. I am not sure that his question was directed to that. I am not sure that each community is really interested in getting into it, and there should be some threshold requirements.

Again, although we identified a large amount of money that we think would be necessary to come up front and do the job the principal on how it is going to get down there is even more important to me than the amount of money appropriated this year.

If you start in the block grant program, we think we can get the job done next year.

Mr. CONWAY. Mr. Chairman, just to further reemphasize, quite frankly, there probably will be many communities, for whatever reason, who may not elect to develop the capacity. And, of course, the money would then be distributed to those who could devise the capacity to carry out various innovations as it relates to conservation and the official use of scarce fuels and energy. I am satisfied that if there is a lesser amount it could be handled on the basis that those who bothered to get themselves qualified so that the amount of money, which is available, can be distributed among those communities that recognize the problem and have prepared themselves to deal with it.

Mr. MARKEY. Thank you.

Thank you, Mr. Chairman.

Mr. OTTINGER. Mr. Corcoran?

Mr. CORCORAN. Thank you, Mr. Chairman.

Gentlemen, I appreciate your testimony here this morning. I just have one question and I wonder whether or not you happen to be familiar with what is called the Federal building energy performance standards because that relates to the question I am going to ask you.

As you know from your own testimony, your own research into the field as well as the discussion here this morning, it is not for lack of trying that the Congress has not solved the conservation problem and, in fact, 4 years ago we passed what was called the Energy Conservation and Production Act.

And one of the ingredients of that legislation which is currently in the stage of getting to final regulations is a proposal that, as a condition for receiving Federal money for conservation purposes, that the States have to adopt and implement these building energy performance standards.

What we are talking about is a standard whereby, for instance, for new structures a home, a commercial building, an industrial building, something of that nature, that there be a certain standard as to how many kilowatts, for instance, that particular structure would consume.

So the question is, in view of your interest in participating in the Federal largesse that this legislation would contemplate, in view of the fact that there is a dovetailing of the existing conservation requirements in the legislation which is pending before us, would you think that the adoption of these Federal building energy performance standards should be a precondition for the Federal money?

Mr. CONWAY. Mr. Chairman, I am somewhat familiar with most of the activity dealing with new construction. I might add that in my own community we have worked, for example, with the Missouri Home Builders and they have developed for themselves what I consider to be a rather innovative set of criteria for any new residential construction within the St. Louis community. Of course, they are using those elements as a significant marketing effort in terms of the sale of the new residences that are built in the community.

Certainly, as it relates to new structures, I think that has been our attitude even in the implementation of the existing community development block grant program in my city as it relates to residential development.

We have insisted that the developers participate in this condition as it relates to existing structures. As in my community, of course, there are efforts toward weatherization, to help bring some of the existing residences up to par and of course there have been certain tax credits, and so forth, that also have helped induce people to do things that probably they should have done several years ago.

But I am satisfied, Mr. Congressman, that with this kind of aid to local units of government we can begin to sensitize more significantly the local community to begin to effect the kinds of changes that are suggested in that national legislation as it relates to new structures and to bring that about in existing structures.

Mr. CORCORAN. Mr. Herzog?

Mr. HERZOG. Yes.

New York State has adopted an energy conservation construction code based upon ASHRAE 9075, a precursor to the analysis being done now. We would support the notion that new construction can be more efficient than old construction.

An average large office building in New York City consumes 220,000 Btu's a square foot in a year. New construction, like in

Denver, which is substantially colder, are consuming 30,000 to 55,000 a square foot.

We endorse the concept that there can be greater efficiency in new construction but it would be a mistake to incorporate this highly programmatic, specific approach to making the funding available to cities. That would continue the problems we have had in the past.

Here you have programs such as the Energy Extension Service or weatherization or recap or so on which exist but the cities do not have the resources to make use of them, and it would be a shame, I think, to initiate this program by giving it the same barriers that existing programs have.

I think it would be much better to formulate it around giving cities the flexible ability to develop the capacity and then see that they look at things like building codes and the building performance standards and incorporating and dovetailing with the local situation.

Mr. CORCORAN. I realize the other panelists may want to comment, and I will certainly give them an opportunity to do so, but I would just like to ask the gentleman from New York, have you had an opportunity, or has anybody in the city administration of New York, had an opportunity to compare, for instance, the ASHRAE standards with what the Department has published in the Federal Register?

Mr. HERZOG. The city's department of buildings has started to take a look at it, and I would be happy to send to you that analysis. I think they are finding some difficulties.

Mr. CORCORAN. I am not surprised.

Mr. OTTINGER. I am afraid I am going to have to ask any other panelist who wants to respond to do so for the record. We are rapidly running out of time, unfortunately.

Mr. CORCORAN. Mr. Chairman, if I may—I suggested at the outset I was only going to ask one question. I know my colleagues have asked several questions.

Mr. OTTINGER. You have had your 5 minutes that everybody else had, with a few minutes left over.

One more quick answer. We have another panel coming and there just is not time to manage it.

If you want Mayor Hutchinson to reply—

Mr. CORCORAN. I yield back my time.

Mr. OTTINGER. Mr. Volkmer, who represents, I think, St. Louis—

Mr. VOLKMER. St. Louis County. Part of it, not the city.

I have no questions. I just want to welcome my good friend, Mayor Conway here. I have read over his statement. We will look at it, and thank you, Jim.

Mr. CONWAY. Thank you for your consideration, Mr. Congressman.

Mr. OTTINGER. Mr. Corcoran, if you really have something you want to do quickly, we will try to accommodate you. We are under the gun.

I want to thank all of you for your help, to the two subcommittees. We will take your advice and counsel very seriously.

Mr. HUTCHINSON. Thank you very much, Mr. Chairman.

Mr. HERZOG. Thank you, Mr. Chairman.

Mr. WILDER. Thank you, Mr. Chairman.

Mr. OTTINGER. We will hear next from Mr. Lex Hester, director of the Florida Energy Office, representing the National Governor's Association.

I am sure we will have a different perspective on the question of direct aid to the local communities, and if we could, we will ask Joan Shorey from the solar lobby to come up and give her statement too, so we can be sure to accommodate her.

Mr. Hester, we thank you for being with us. We will include your full statement for the record and you may proceed and summarize as you wish.

STATEMENT OF LEX HESTER, DIRECTOR, FLORIDA ENERGY OFFICE

Mr. HESTER. Mr. Chairman, I am here on behalf of the National Governors' Association from the State of Florida and I will primarily center my remarks around House Resolution 4283 which is the Energy Management Partnership Act of 1979 which I will refer to as EMPA, the name that it has been given.

But hearing the previous conversation, I think the word "partnership" should be emphasized. I would like to direct my remarks along that line, as I proceed with my testimony.

By way of introduction, I am currently Director of the Energy Department of the State of Florida under Governor Bob Graham. I am here representing him in his capacity as cochairman of the National Governor's Association, Subcommittee on Renewable Resources and Energy Conservation.

By way of background, my previous capacity is out of local government. I was county manager of Broward County, Fla., an urban area of about one million with 29 municipalities, chief administrative officer of the city of Jessen City, city-county consolidated government, so I think I have a perspective on both the State and local issues that have been discussed here today.

The EMPA concept is strongly supported by the States. EMPA's origin can be traced to the 1977 White House Governor's Conference on Energy during which President Carter promised the Governors that the administration would reexamine existing federally created State energy conservation programs. In response to that commitment, NGA established a task force to work with the administration on this process of reexamination. The task force issued two significant recommendations: one, that existing programs should be consolidated; and two, that a total energy management capability be established at the State level.

EMPA was developed in response to these recommendations. The States have been the coupling link with the public for implementing energy programs prescribed by both the Congress and the Department of Energy. This bill will strengthen and make the State role even more effective.

It is important to recognize that the States have considerable powers which affect energy production, conservation, and conversion programs. States and their localities design and operate transportation systems, regulate land use, regulate the design, construction, and operation of buildings, regulate energy, utilities and the

siting of major energy facilities, control extraction of energy resources, serve as a vehicle for administering and enforcing energy air, and water quality standards, and operate the systems of public education, et cetera.

The energy management concept underlying EMPA: reinforces expanding State capabilities in the areas of energy conservation, renewable resources, energy emergency programs, as well as conventional energy development.

The proposal provides resources, direct catalyst funding is what I like to call it, necessary to undertake the comprehensive planning and analysis in support of these activities.

It need not be stated to this committee that our energy problem is complex. It has defied easy solutions. If this challenge is to be moved toward solution, if we are going to free ourselves from undue reliance on unstable foreign supplies of energy, we believe that many different remedies must be pursued and varied approaches tested.

The States are uniquely suited to explore creative and innovative solutions to our common energy problems.

EMPA would further stimulate this process. The importance of giving the States the flexibility to develop State plans which are responsive to State concerns cannot be overemphasized. This is important because States differ greatly in their energy resources and energy uses. Political, economic, and social climates are widely varied. Federal programs, which ignore these differences, simply will not work.

Here I would like to take just a moment to illustrate this point using Florida as an example.

Florida's energy economy is extremely highly energy sensitive. It is the only way I can explain it. Our interests are tourism, agriculture, and construction. They comprise directly one out of every five jobs and if you take the ancillary jobs, you can almost say that one out of every two jobs, half of all our gross sales, are in those highly-energy sensitive industries.

In Florida, 38 percent of our total energy pie is used for transportation. That figure nationally is 26 percent. We use 48 percent of imported oil for generating electricity as compared to a figure under 14 percent nationally.

You can go on and on with those kinds of figures that show the diversity. Florida is not unique, but there are unique situations that apply to Florida and similar diversity exists across the 50 States.

I want to emphasize to you that most of the hands-on programs out in the field have been done by States with Federal money that has come through past legislation. EMPA is an extension of these past programs.

We were able to use money from these programs to look at ways that we could adopt a plan for Florida. We studied some of the creative things being done in other States like energy disclosure requirements in Minnesota, time of day pricing in Colorado and other States, severance taxes in Montana and New Mexico, for funding energy research, and I could go on and on with that kind of a list.

After doing that, we then adapted a Florida plan. This year the Governor has asked our legislature for the creation of a \$100 million trust fund. I think that emphasizes the catalyst nature of the limited money that has gone out to the States and I will cite some other examples momentarily about how other States have expanded on the Federal dollars and used those dollars that resulted in leveraging more dollars at the State and local level.

To meet our unique circumstances, we have tried to work through the marketplace rather than through heavyhanded regulations so we are proposing a 25-percent grant for energy conservation and solar applications for residential property and a 15-percent grant for businesses. We have a very strong solar element that will mandate solar and new construction by 1985. We would require energy audits at the time of sale. All these things are not unique to Florida, but certainly created to meet Florida's particular needs.

And we think every State needs that kind of flexibility.

These are just a few of the examples of programs proposed by Florida, but each measure was tailored to meet Florida's needs.

We feel that each State should be encouraged to develop its own creative path to reach our national goal of energy independence. EMPA will facilitate and encourage each State to develop an effective response and management plan tailored to deal with the State's specific problems.

EMPA dollars will act as a catalyst, as I discussed earlier. While we support enactment of EMPA, we believe that a number of amendments to H.R. 4382 will make the bill more effective and here I want to concentrate a little bit on the conversation that you just had on the local-State relationship.

The States support the general thrust of EMPA which is focused on the development of a comprehensive State energy plan which would incorporate the plans and programs of the units of general purpose local government. While no money is earmarked in the present bill for local governments, States are authorized to pass through some of its funds as well as provide financial assistance commensurate with responsibilities undertaken by units of local governments.

We support the State coordinating role and recommend combining an additional local funding element with EMPA. The administration has requested an additional \$50 million appropriation for this purpose to fund local government programs.

In order to assure the most cost-effective use of the money, and consistency with State plans, the Governors suggest that a State-local planning council, composed of an equal number of State and local officials, be established as a requirement under EMPA.

In brief, the council would: one, establish priorities for use of the funding earmarked for local government; two, determine the sub-state allocation system for distributing the money with the proviso that each unit of general purpose government over 50,000 population would receive a floor funding level.

Three, review applications from local governments and award grants; and four, directly participate in the development of the State EMPA plans.

Mr. Chairman, while a number of States have developed good working relationships with their localities, we feel that the creation of a formal planning council will foster an even stronger working relationship between States and their units of local government. A strong relationship is critical to the effective implementation of energy conservation measures, particularly those dealing with emergency measures to reduce gasoline consumption.

Two issues that come to the forefront in the local government funding issue are the amount of funding and the issue of whether the local funds should pass through the States.

On the issue of money, I think that you heard a very eloquent plea by the cities that they would like to have more money. Just by way of analogy, I would point out to you that what the administration has recommended to you, a \$50 million appropriation with an entitlement based on 50,000, would result in 800 eligible units. Just to fund a single position, say a \$20,000 salary, and another \$10,000 to support it, et cetera, would require \$24 million of the available funding.

Unless you are going to have all the kinds of programs that we have talked about, unless you are planning to put in greatly significantly more money, the likelihood of its having any major impact down at the local level is relatively limited and we, in the States, think that creating 800 more planners, the example that I just gave you does not make good sense. It may be a good Planners Relief Act, but it is not going to do a whole lot to solve the energy problem.

On the issue of fund distribution the NGA feels it is very important that the local funds, whatever the level, be coordinated through the States and with the mechanism as suggested, that provides for effective local input into the decisionmaking process.

Through previous programs, most States have developed working relationships with their local governments in energy programs. Again, using Florida for an example, we have taken some of our own EPCA funding, contracted with our 11 regional planning districts and their specific response is to act as a catalyst at the local government level to generate programs.

The program I set out for you that is currently before our legislature would provide grants to be basically administered at the local level. This year we are going to ask our legislature for \$30 million from State funds to do retrofitting at the local and State government level.

I want to go through, for just a moment with you, some of the history of some of the programs that you already have. You funded at about the \$25 million level the energy extension service. In fact, by definition the program is an outreach program at the local level. In my State, we will use that. We are taking our funds, which in Florida are about \$700,000 in nine urban areas. Nine of our SMSA's will have an outreach person who will be based at the local government level to work specifically with them.

The school, and hospital, program is administered through the State and has a funding level authorization of \$300 million, with about \$200 million actually coming out. One of the comments from one of your committee members was that the States do not have that money out. Most of those problems have been in the

funding cycle at the Federal level, not because the States have fumbled the ball in relationship with the local government.

We already had on the books the residential conservation service program. You added the emergency planning processes under the Energy Emergency Conservation Act which include the conservation target, the rationing, fuel allocation programs. Most utilities are regulated through some kind of public service mechanism at the State level.

You have all of these programs which a State emphasis. To now suggest that you are going to somehow bypass all of that mechanism and have an effective energy program, we at the state level and from my own personal local government experience, do not see how it effectively is going to work.

One of the questions asked by the chairman that he feels should be addressed here is the relationship between HUD and DOE.

Normally the NGA does not get into how the Federal Government manages its business but in this instance we clearly favor the DOE approach. I would point out to you on the HUD question that HUD, although they have a direct relationship with local governments, has had a fairly narrow focus on low- and moderate-income neighborhoods with a heavy housing emphasis. Energy is much more pervasive than that.

I would also note for you, under the existing community development block grant processes, under the regulations and rules, that local governments have the option of using that money now for energy conservation related things and, in fact, the UDAG appropriations for the distressed areas include a \$10 million appropriation specifically. You could now add some money to existing block grant community development, but under the budget constraints you have now we think these local programs relating directly to energy should be consolidated under EMPA with an emphasis on the partnership.

We fully recognize the need for local government to have an increased voice in local government. I cited to you some of the Florida examples.

Minnesota has an outreach program which is a very extensive one starting in Duluth to provide technical assistance involving literally some several thousand home energy audit interviews which will then be expanded to other areas on the basis of what they have learned.

California and Texas have direct local government grant programs. California, for instance, has put over \$1 million into their program. Texas has put some \$200,000. Maine has developed an outreach program in three of its communities which they plan to expand statewide.

I do not need to go through Portland with you. You know that program. The State played a very significant role in helping coordinate that program and is now working towards its implementation.

Here I want to go to our second major concern which deals with the proposed funding level for EMPA. I think most of what you heard at the table preceeding my presentation was the frustration over funding levels.

Everyone, the columnist and the editorialists write about DOE. They always talk about the \$11 or \$12 billion budget that is going out. Why are we not getting more from it.

The programs that the public sees, the ones that deal with gasoline, that deal with energy conservation, are basically funded through EPCA, which EMPA is designed to succeed. We have had an authorization, not of \$12 billion, but \$125 million, of which we have gotten about \$75 million.

Those programs that the public sees and relates to DOE and energy are really that \$75 million package.

As you know, the States which share with the local governments concern over funding. Sure, we would like to have more money but we understand the pressures that you are under to try to balance the budget. If you hear anything more than why do you not do something about energy, it is probably why do you not do something about the Federal budget?

Recognizing those constraints, we think the EMPA approach, although we would like to have more money, is the best approach.

When EMPA was first developed several years ago, States were administering basically only three conservation programs mandated under EPCA, EPCA, and EESS statutes. The administration foresaw EMPA as a consolidation measure combining these programs and providing States with funding to develop the capacity in additional areas of energy forecasting, energy resources, and energy emergency programs.

This original package before they added these additional items was to be funded at a \$110 million level annually. However, since that time, the following new programs have been enacted (you have had this bill for about a year), the residential conservation service program, which is the home energy, or house doctor program, has been added. The building energy performance standard, the low income weatherization program and the institutional building grant program, schools and hospitals have been moving. The emergency temperature restriction program has recently been implemented. All of these things have been added plus, of course, the planning for the emergency measures for the standby targets and for the standby rationing plan, with no raise in the funding level.

In addition, States have, and will continue to operate, the State set-aside program for which presently no funding is provided by DOE.

I might add, in the early years, for the allocation program, there was a \$5 million to \$10 million appropriation. That since has been stopped. We had to fund set-aside from general funds in the States and there was not a whole lot of action for 3 or 4 years of the programs, but since last spring the pressures on the State and the allocation programs have simply been enormous.

Yet, with all of these new programs implemented, the budget requests for an expanded EMPA has fallen from \$110 million to \$102 million. Attached to my testimony is a chart of ballpark estimates of the actual cost of each of the programs.

The NGA staff came up, in consultation with the States, with an estimate of \$346 million if you properly funded the planning, not the implementation, but the planning efforts that would go into all of the lists of the many programs that you have assigned to us and

we think we can demonstrate to you that this is really a conservative figure.

I see the chairman is anxious to get on, so I think I will close down here with these last two paragraphs.

In closing, I want to note that the States have been the key delivery mechanism for the Federal energy initiatives of the last several years. We welcome this role, but we feel that in considering EMPA, Congress must examine the broad range of programs as enacted and decide to fund these efforts accordingly.

The piecemeal approach in recent years when the Congress and DOE have simply piled on new program requirements without providing adequate funding cannot continue.

Second, on the question of local government participation, I would close with the thought that the emphasis should be three-fold: first, consistency of local efforts with the State EMPA plan; two, prioritization of local plans by State-local planning councils, which is the mechanism to compromise some of the concerns that you heard here; and three, implementation of measures rather than planning as the local government responsibility.

The counties are not here, but I did want to note to you that in their printed testimony they basically agree with that compromise mechanism of a State local planning counsel commission and basically are in agreement with the NGA on how to deliver the local funding.

Thank you, Mr. Chairman.

[The prepared statement of Mr. Hester follows:]

Testimony of

Lex Hester
 Director, Florida State Energy Office
 Co-staff Chairman
 Subcommittee on Renewable Resources and Conservation
 Committee on Natural Resources and Environmental Management
 National Governors' Association

Before the

Subcommittee on Energy and Power
 House Committee on Interstate and Foreign Commerce

and the

Subcommittee on Energy Development and Application
 House Committee on Science and Technology

on

H. R. 4382
 The Energy Management Partnership Act of 1979

February 19, 1980

Draft testimony on EMPA

Mr. Chairman, members of the Committee, on behalf of the National Governors' Association and the State of Florida, I wish to express my appreciation for the opportunity to appear before you today to discuss H.R. 4382, the Energy Management Partnership Act of 1979 (EMPA).

By way of introduction, my name is Lex Hester. I am director of the Florida State Energy Office and co-staff chairman of the NGA Subcommittee on Renewable Resources and Energy Conservation.

Let me begin by stating that H.R. 4382 is strongly supported in concept by the states. In fact, Mr. Chairman, EMPA's origin can be traced to the 1977 White House Governors' Conference on Energy during which President Carter promised the Governors that the Administration would reexamine existing federally created state energy conservation programs. In response to that commitment, NGA established a task force to work with the Administration on this process of reexamination.

That task force issued two significant recommendations: (1) that existing programs be consolidated; and (2) that a total energy management capability be established at the state level. EMPA was developed in response to these recommendations.

The states are showing a growing recognition of their responsibilities in the energy area. This bill will strengthen and make their role more effective. We support the concept of this bill because it develops a meaningful role in energy for the states and utilizes the states as the delivery mechanism for energy programs. At the same time, it recognizes the differences among states.

Mr. Chairman, it is important to recognize that the states have considerable powers which affect energy production, consumption, conservation and conversion. States and their localities design and operate transportation systems, regulate

land use, regulate the design, construction, and operation of buildings, regulate energy utilities and the siting of major energy facilities, control extraction of energy resources, serve as the vehicle for administering and enforcing national air and water quality standards and operate the system of public education.

The energy management concept underlying the proposal recognizes and reinforces expanding state capabilities in the areas of energy conservation, renewable resources, energy emergency conservation, as well as conventional energy development. More importantly, the proposal provides the resources necessary to undertake the comprehensive planning and analysis in support of all these activities. We believe that this financial assistance will be a catalyst for the commitment of state funds. In the past, the State Energy Conservation Program has stimulated states to contribute funds for state energy offices and conservation activities.

Mr. Chairman, as you know so well, our energy problem is complex. It has defied any easy solutions. If this problem is to be resolved, if we are to free ourselves from undue reliance on unstable foreign supplies of energy, I believe that many different remedies should be pursued and many different approaches should be tested. The states should be encouraged to explore creative and innovative solutions to our common energy problem. ENPA would stimulate such a process.

At the same time, states must be given the flexibility to develop state plans which are responsive to state concerns. This is important because states

differ greatly in their energy sources and energy uses. Political, economic and social climates are equally varied. Federal programs that ignore these differences simply won't work.

I would like to take a few minutes to discuss this last point using our experience in Florida as an example. Florida's economy is highly sensitive to energy problems. Fuel drives our tourism, construction and agri-business industries. Transportation in Florida consumes 38 percent of our state's energy compared with the 26 percent consumed nationally by transportation, and costly petroleum accounts for 70 percent of all energy used in Florida. Faced with such a situation, it was important that Florida develop a strong plan in an attempt to resolve some of our problems.

We first looked at the innovative energy programs developed in other states: at the energy disclosure requirements in Minnesota at the time of property sales; at the time-of-day energy rates approved by the Colorado Public Service Commission; at the mineral severance taxes Montana and New Mexico dedicated to fund energy research; at Oregon's requirement that energy be considered in land use planning. We then looked at the particular needs of Florida and its people.

We decided that one of the major objectives for Florida would be a reduction in per capita energy consumption by 25 percent during this decade with reliance on the marketplace, rather than the government, whenever possible, and a sensitivity to the impact of rising energy costs upon Floridians who are poor or live on fixed incomes. Given this objective, Governor Graham has introduced a 16-point legislative package. I would like to submit a more detailed discussion of this legislative package for the record. The nucleus of the energy legislative program includes:

- o the creation of the Florida energy trust fund to provide economic incentives to energy conservation;

- o new solar energy incentives and incentives to encourage other alternatives to oil;
- o a requirement that after 1985 all new homes in Florida be fitted with hot water heaters powered by non-oil energy.

These are just a few examples of the programs proposed by Florida, but each measure was tailored to Florida's needs. We feel that each state should be encouraged to develop its own path to reach our national goal of energy independence. We feel that EMPA will facilitate and encourage each state to develop an effective response and management plan tailored to deal with state-specific problems.

While we strongly support enactment of EMPA, we believe a number of amendments to H.R. 4382 will make the bill more effective. Our first recommendation deals with the role of local governments. Although there are a number of proposals dealing with these issues, we strongly urge that any local government program be made an integral part of EMPA. The states support the general thrust of EMPA which is focused on the development of a comprehensive state energy plan which would incorporate the plans and programs of the units of general purpose local government. While no money is earmarked in the present bill for local governments, the state is authorized to pass through some of its funds as well as provide financial assistance commensurate with responsibilities undertaken by units of local government. While we support such a coordinating state role, we would recommend combining a local government program with EMPA. As you know, the Administration has requested a \$50 million appropriation for this local government program.

In order to insure the most cost effective use of the money and consistency with the state plan, the Governors would recommend that a state/local planning council, composed of an equal number of state and local officials, be established as a requirement under EMPA. More specific details on the structure of the council are attached (see Attachment A).

In brief, the council would:

- o establish priorities for the use of funding earmarked for local governments;
- o determine the substate allocation system for distributing the money, provided that each unit of general purpose local government over 50,000 would receive a floor funding level of \$20,000;
- o review applications from local governments and award grants;
- o directly participate in the development of the state EMPA plan.

Mr. Chairman, while a number of states have developed good working relationships with their localities, we feel that the creation of a formal planning council will foster a strong working relationship between states and their units of local government. A strong relationship is critical to the effective implementation of energy conservation measures, particularly those dealing with emergency measures to reduce gasoline consumption.

The planning council approach will encourage more cost-effective use of scarce federal assistance. A formula entitlement program for local governments, as has been proposed by some, would not be cost effective in that it would not target funds to those localities with the greatest potential for effective energy conservation efforts. Instead, it could lead simply to the creation of small energy planning bureaucracies in every city across the nation. The joint state/local planning council would provide the opportunity for effective

prioritization and targetting of funds. It would also lead to a greater emphasis on implementation of energy conservation programs rather than emphasizing solely planning.

In Florida we recognize and support a strong role for local government. The Governor's energy office has provided direct service to Florida's counties and municipalities through an infrastructure composed of Florida's eleven regional planning districts. A more detailed discussion of this infrastructure is attached (see Attachment B). Over the last two fiscal years, more than \$1,345,000, or 25 percent, of our state's total federal allocation under the State Energy Conservation Program has been allocated to local governments.

Our new proposed energy program includes a number of local government measures:

- o working with the successful local energy action program in Tallahassee as a model for other cities;
- o providing funds from a trust fund from surplus revenues as incentives for local government to reduce energy consumption through: van pool programs; conversion of municipal wastes into power sources; energy audit of public buildings; energy research; and stricter enforcement of the 55 mph speed limit.

Other states have also initiated major cooperative efforts with their units of local government.

- o Minnesota has established a local outreach program including staff located full time in the city of Duluth. This program provides technical assistance on developing community energy policy as well as assistance in emergency preparedness.

- o Several states, like California, Tennessee and Texas, have established grant programs for units of local government. Over the last three years California has provided more than one million dollars to local government and community organizations which was matched by \$6 million in kind efforts in the following four areas: regulatory programs (e.g., building and solar codes); community action weatherization workshops; transportation systems management; and local government energy management. Texas has provided \$200,000 yearly for small grants of up to \$25,000. Projects are selected on the potential for energy savings, transferability and innovativeness.
- o Maine has developed comprehensive energy plan as pilot projects for three of its localities: Sanford (15-20,000); Mechanic Falls (2,500-3,000); and Holden (800). The result of this effort will be distributed to other localities. Maine has also passed a \$2.5 million bond issue which will provide money for local government building retrofit. (A 50 percent match will be required).
- o Oregon is working with the City of Portland to insure that state legislation will complement local initiatives. Portland is mandating audits for commercial and industrial firms within five years. The state is developing legislation to support such efforts by insuring that audits would be available.

Our second recommendation deals with the proposed funding level for EMPA. We feel it is insufficient compared to the state responsibilities contemplated under the bill. When EMPA was first developed several years ago, states were administering three basic conservation programs mandated under the EPCA, ECRA and EES statutes. The Administration foresaw EMPA as a consolidation mechanism combining these three programs and providing states with funding to develop a broad capacity in the additional areas of energy forecasting, renewable resources, and energy emergency programs. This original package was to be funded at the \$110 million level annually. However, since that time the following new programs have been enacted, with the states directed to handle implementation:

- Residential Conservation Service Program;
- Buildings Energy Performance Standard;
- Low Income Weatherization Program;
- Institutional Buildings Grant Program ("Schools and Hospitals");
- Energy Emergency Conservation Act;
- Emergency Temperature Restrictions Program.

In addition, states have and will continue to operate the state set-aside program for which presently no funding is provided by DOE. If the gasoline rationing program is implemented, then the states will have to administer the state rationing boards, assist in setting up local rationing boards, develop an outreach information system, and maintain the motor vehicle registration information system.

Yet, with all these new programs to implement, the budget request for an expanded EMPA has fallen from \$110 million to \$102 million. Attached to my testimony is a chart of "ballpark" estimates of the actual cost of each of the programs to be included under EMPA. It should be noted that this chart does not

-9-

include the costs of implementation of either the measures proposed under the Emergency Energy Conservation Act, or the standby gasoline rationing plan. DOE has indicated that these implementation costs will be funded separately from EMPA. These programs will be very costly. As an example, under the previous rationing plan, DOE estimated costs to states for pre-implementation and implementation of the state role in the rationing program at \$153 million with additional operating costs of \$160 million per three month rationing period.

State activities to comply with the new Energy Mobilization Board requirements and to coordinate with the Energy Security Corporation will also be costly. States will in all likelihood begin preparing state energy resource development plans. We feel that EMPA should encourage this and that flexible funding should be provided for this purpose. Such planning will allow the state to make intelligent decisions about the pace and direction of resource development and to prepare for the impact of that development.

In closing, I want to note that the states have been the key delivery mechanism for federal energy initiatives over the last several years. We welcome this role but we feel that in considering EMPA Congress must examine the broad range of programs it has enacted and decide to fund these efforts accordingly. The piecemeal approach of recent years where DOE has simply piled on new program requirements without providing any new funding cannot continue.

On the question of local government participation, I would close with the thought that the emphasis should be threefold: (1) consistency of local efforts with the state EMPA plan, (2) prioritization of local funds by a state/local planning council, and (3) implementation of measures rather than planning as the major local government responsibility.

Mr. Chairman, thank you for the opportunity to testify before you this morning. I would be happy to answer any questions the Committee might have.

Estimates of Costs for
State Activities Under EMPA, FY 81
(in millions of \$)

<u>I. Conservation</u>		
Core Activities		
EPCA/ECPA Related Activities	\$65	
Energy Extension Service (EES)	<u>30</u>	
New Responsibilities		\$95
Building Energy Performance Standards (BEPS)	35	35
Residential Conservation Service Program:		
Existing program	30	
Expanded RCS program under S. 932		
a) scope (e.g., commercial)	20	
b) grant program	<u>15</u>	
		65
<u>II. Categorical Programs (administration only)</u>		
Institutional Buildings Grant Program	21	
Low Income Weatherization Program	<u>10</u>	
		31
<u>III. Renewable Resource Program</u>		
		15
<u>IV. Energy Emergency Planning</u>		
(Energy Emergency Conservation and Gasoline Rationing)		10
<u>V. State Set-Aside Operations</u>		
		15
<u>VI. Data Collection, Analysis, and Forecasting</u>		
(Including Projection of Need)		50
<u>VII. Resource Development</u>		
(Including responsibilities under EMB)		<u>30</u>
	Total	\$346 million

EMPA Planning Council

A state's application for financial assistance under EMPA shall include:

A State/Local Planning Council

- o Each state shall establish or designate and maintain a state/local planning council for the purpose of:
 - o establishing the priorities for which the money will be spent (e.g., planning, implementation of projects, etc.);
 - o deciding by what method and how much money will be received by each unit of general purpose local government, provided that money be set aside to guarantee that each general purpose unit of government over 50,000 would receive at least a floor amount not to exceed \$20,000;
 - o receiving, reviewing and approving (or disapproving) applications for financial assistance made by the units of general purpose local government;
 - o providing financial assistance to units of local government according to the priorities, methods and criteria established by the planning council;
 - o participate in the development of a comprehensive state energy plan which takes into account the various units of general purpose local governments' needs and programs;
 - o review the operation of the applicants and make recommendations for subsequent funding; and
 - o develop a report assessing and evaluating projects funded under this section.
- o The Council shall be appointed by the Governor, as described below, who shall designate one member thereof to be a chairperson. The Governor shall furnish staff to provide professional, technical and clerical assistance to the council.
 - o The council shall be composed of equal numbers of representatives from state and units or combination of units of general purpose local government in the state provided that the representatives from units of general purpose local government represent:
 - units of local government over 50,000,
 - units of local government under 50,000;
 - o The representatives from units of general purpose local government shall be nominated by the chief executive officers of the units or combinations of units of general local government or state organizations representing the collective interests of county and municipal governments.
 - at least five more names than the positions reserved for them shall be submitted to the Governor.

FLORIDA'S REGIONAL AND LOCAL ENERGY CONSERVATION PROGRAM

Over the last two years the Governor's Energy Office (GEO) has conducted a statewide program for the purpose of promoting energy conservation practices in the planning functions and in the operations of Florida's local governments.

The State of Florida is divided into eleven regional planning districts; each of these districts or regions has a Regional Planning Council (RPC) responsible for numerous planning and review functions that affect the activities of the State's local governments. The Councils, which direct the activities of their professional staffs, are composed of elected officials representing all the counties of a specific region and a proportion of the municipalities. These boards of elected local government officials provide the RPCs with a local perspective and direction in the performance of their activities.

Each of Florida's eleven regions also has a citizen advisory/action committee, which provides the RPCs and the GEO with citizen input and assistance. These Regional Energy Action Committees (REAC) are composed of approximately thirty-five citizens per region representing energy suppliers, consumers, local government officials, business and industry groups, the League of Women Voters, Audubon Society, and other community groups. The membership of the eleven REACs totals over 300 citizens.

The contractual agreement between each RPC and the GEO provides funds (the program totals were \$275,000 the first year, \$330,000 the second year) to support one professional energy planner; these funds have been matched with \$5,000 from each RPC. Each Regional Energy Action Committee has available to it \$5,000 per year, for a program total of \$110,000 over the last two years, for undertaking energy conservation activities at the county/city level. These activities have included energy fairs, local government energy conservation workshops, presentations to local county boards and city councils, etc.

During the first year of the program the main focus was the development and adoption of Regional Energy Policy Plans. These plans then served as a basis for the inclusion of energy considerations in the planning and review/comment process of each RPC. Among the programs that the RPCs are involved in, three planning programs have particular relevance to energy conservation. These are the Development of Regional Impact (DRI) Review, the OMB circular A-95 Clearinghouse Review, and Local Government Comprehensive Plan Review. Energy policies contained in each Regional Energy Policy Plan provide a basis for review. The following paragraphs outline each program.

DEVELOPMENT OF REGIONAL IMPACT (DRI) REVIEW

Under a special 1972 Florida Statute (Chapter 380, F.S.), a project affecting more than one governmental entity is presumed to be of regional significance. Types of development which are considered to be DRIs include: Large residential subdivisions, airports and expansions, shopping malls, marinas, and others. Each Council is required to prepare an assessment report of the impacts of the proposed development. Once officially adopted, the report and recommendations are forwarded to the local government involved which is then required to consider it in making final decisions.

A-95 CLEARINGHOUSE REVIEW

As authorized by Office of Management and Budget Circular A-95, the procedure began as an attempt by the federal government to catalogue all of the federal aid projects to local and state governments. All projects in each Region which involve federal assistance are reviewed by each RPC office.

LOCAL GOVERNMENT COMPREHENSIVE PLAN REVIEW

Under a 1975 Florida Statute (Chapter 163, F.S.), all local governments in Florida are required to adopt and adhere to the comprehensive plan. Once completed, such plans are then used by the local government in regulation and operational activities for the community. The Councils, along with the State, review each plan prior to final adoption and any comments or objections to the plan must be addressed by the local government prior to final adoption. The policy framework provided by the Regional Energy Policy.

Plans establishes Florida's eleven RPCs as ideal vehicles for the introduction of energy conservation considerations into comprehensive planning process of Florida's four hundred and sixty local governments.

In order to enhance the RPCs service capabilities to local governments the GEO also designated the RPCs as Regional Energy Information Centers. Under this designation each RPC serves as a depository of energy related technical information, films, and publications and serves as a regional support to the State's sixty-seven County Energy Information Centers (CEIC), which have been established in each of the counties of the State. These local information centers are staffed with personnel of Florida's Cooperative Extension Service and serve as repositories for energy related materials, as well as providing a question/answer service through local telephone communications. Thus the Regional Energy Information Centers of the County Energy Information Centers do facilitate the dissemination of energy information at the local level and play a significant role in getting answers to energy questions to the citizens of Florida. This system was established as a preclusion to the Energy Extension Service Program that will be implemented by Florida during early 1980.

During the second year of the program, the introduction of energy conservation practices into the operation of each of the region's local governments became the major focus. This thrust was timely as a result of the RPCs having developed extensive energy related expertise during the preparation and the adoption effort of their respective Regional Energy Policy Plans. The adoption of these plans by the Councils also provided the RPC staffs with the policy framework and energy conservation commitment necessary for promotion of their plans at the local level.

The second year contract called for the energy planners to promote the adoption by each local government of an energy conservation resolution, the appointment of an energy coordinator and/or committee (with the responsibility of promoting and monitoring the implementation of the energy conservation resolution), and finally, the incorporation of energy considerations into the local government comprehensive planning process.

To accomplish these efforts, the RPCs were provided with a technical information package for distribution to each local government in their region. The packages were composed of energy management, conservation, and auditing materials and forms. The influence of the technical information of this material and the RPCs local government program efforts have been further enhanced by the State efforts in promoting the participation of Florida's local governments in the National Energy Conservation Policy Act's Schools, Hospitals, Local Governments and Public Care Institutions Program. The RPCs are playing a very important role, through their present contractual agreement with the GEO, in the promotion and technical assistance level of this program.

The energy related technical capabilities of Florida's Regional Planning Councils have enhanced energy conservation efforts throughout the State and, as a result of State partnership with the RPCs, have enhanced the State's local government energy conservation efforts extensively.

Mr. OTTINGER. I thank you.

We will hear next from Ms. Shorey from the solar lobby, a good friend and former staff member of mine and has given us tremendous help on both subcommittees in addressing these problems.

They are very interested in the State and local participation and I am going to have to leave, but I will turn the Chair over to Mr. Markey for questions.

I would hope that you would address yourself to the question of the local communities coming in and saying that the State is really providing nothing but another layer of bureaucracy, another layer of regulations, another layer of cost.

Very frequently, you also have a county in there. In my own area the money goes down from the State to the county and the county has its own administrative assistance machinery. By the time you get to the area where the money is going to be used, there is not any money left, and I think that is a problem we are going to have to address.

Ms. Shorey?

STATEMENT OF JOAN SHOREY, SOLAR LOBBY

Ms. SHOREY. I guess we will cover four points, because I know everybody is in a hurry.

I am terribly concerned that we do do two things with this legislation. One, to coordinate exactly the programs that have been talked about by the representative from the Governor's Conference because there are those programs that exist in the NEA that really, absolutely, have to be coordinated at the State level.

I very much hope that when you consider any kind of EMPA legislation that you will incorporate not just the EPCA and EMPA programs, but you indeed will address those particular issues in the NEA.

In my testimony I have included brief summaries of eight of those which we consider to be very important. We have commented on the regulations for those programs during the last year and a half and are very aware of the necessity for a specific place at the State level where localities and communities can go to find out about these programs.

So one of our basic points in terms of this legislation is that there be that kind of specified location within the State government where one can go and find out about these existing programs.

We would also ask that there be some sort of advisory council comprised of localities and citizen groups at the State level with the integration of these programs.

Our second point is a tremendous emphasis on getting funds through the local government, so therefore, we very strongly favor that type of an approach. I really think you are considering two levels of funding, one at the State level and one at the localities and communities. In terms of the localities and communities, we also strongly, strongly support a citizen's advisory council.

We have found in our work that there are very, very numerous programs now going on throughout the country at the community level in terms of energy conservation and renewable resources. We, at the center for renewable resources, now have a compilation of over 1,700 programs throughout the country.

These are groups that need support. They also need to be represented in any planning process that is going on at the local government level.

Another point that we are concerned with is that we are very, very interested, of course, in having specific planning for renewable resources. In the EMPA legislation I think that needs to be strengthened. I think in any legislation you consider at the community level we want that to be a strong component.

My fourth point is that we would like to suggest that you have some education program at the State level in your planning in the EMPA legislation and education program that will put into place at the secondary level programs for energy conservation and renewable resources.

At solar lobby, we are very supportive of this kind of energy management legislation and we would hope to work with your staff to develop any kind of integration of the bills.

I just want to say one more thing and that is over the weekend I had a chance to look at the outline of the redraft of the Tsongas-Williams compilation of the legislation and I really found that there were a lot of points in there that we strongly support and I hope your committee will have a chance to really look at that. It does establish the citizen's participation.

It gets funds to the local level and it has a strong renewable resource component and we are very much in favor of that and are working at our office to establish the political network to help all of you and all of us get this legislation through.

Thank you very much for the chance to be here.

[The prepared statement of Joan Shorey follows:]



Solar Lobby

2001 Connecticut Avenue, NW, Suite 510
Washington, D.C. 20036
(202) 365-4350

February 19, 1980

Testimony of Joan Shorey for Solar Lobby on H.R. 4382 and Related Legislation

Before the
House Subcommittee on Energy and Power of
The Committee on Interstate and Foreign Commerce
and the
Subcommittee on Energy Development and Application
of the
Committee on Science and Technology

Thank you for the opportunity to appear at this hearing. I am representing Solar Lobby, which supports energy-management legislation at the state and local government and community level.

I realize that although your committees are primarily concerned with H.R. 4382, you are also considering proposals in similar legislation from both the House and the Senate. My comments will therefore cover some of the provisions incorporated in these various initiatives.

Board of Directors
Bruce Anderson (Chairperson)
Total Environmental Action
Edith Albert
Actor/Entrepreneur
Brian Blackwelder
Fla. Conservation Foundation
Roger Blochman
Small Farm Energy Project
Hendler Booth
Citizen/Labor Energy Coalition
Edward Carlucci
Steel Mill Workers
Judy Collins
National League of Women Voters
Wilson Clark
California Governor's Office
George Collier
Ohio Solar Energy Association
Thomas Daly
Louisiana State University
Francis De Winter
Inst. Solar Energy Society
Michael Evans
Wind Power Digest
Gary Garber
Chester Community Action
Tom Hayden
SolarCo
Impresso West
Consumer Action Now
Judy Johnson
Eastern Federation
Lincoln Justice
Nat'l. Alcohol Fuels Producers
Richard Katsenborg
Natural Power, Inc.
Edward Kelly
Michigan Solar Energy Association
Moris Lefkoff
SUN/REP
Joseph Lindemeyer
Solares Corporation
Mindy Lubber
Massachusetts PIRG
Edward Muschke
Sonnet (CA)
Dick Neman
Solar Lobby
Anthony O'Reilly
Consumer Federation of America
Robert Stafford
Actor/Entrepreneur
John Reynolds
Pacific N.W. Solar Energy Assn.
William Shoroff
Harvard University
Barbara Ventrone
Environmental Awareness (AZ)
Rev. Dr. Lucian Walker, Jr.
I.F.C.O.
William Wimpfinger
Int. Assn. of Mechanics
Sam Wolff
American Wind Energy Assn.

Testimony - 2/19/80
Page 2

Four types of provisions strike us as particularly important, and I would like to discuss each of these very briefly. The areas are

- 1) the coordination of state responsibilities resulting from Federal legislation on energy conservation and renewable resources;
- 2) the establishment of mechanisms to enable representatives from local governments, community groups, and citizen organizations to help develop state plans, plus the establishment of procedures to involve citizen and community groups in local government's energy planning and programs;
- 3) specific mandates for developing conservation and renewable resources; and
- 4) the inclusion of an educational program focused on conservation and renewable resources.

My first point, then, is that energy programs need to be meshed and unified at the state level. Although H.R. 4382 calls for the incorporation of EFCA and ECPA conservation provisions, National Energy Act programs should be consolidated with them in an overall state program of energy management.

During the past year, several of us at Solar Lobby and the Center for Renewable Resources, a sister organization, have been following the regulatory process surrounding these provisions of the NEA. And it is startlingly evident that a myriad of programs must be directed and approved at the state level. Some specify audits for schools, hospitals, and existing homes, and others cover utility regulations. In an annex to my testimony, I have outlined eight of the most significant of these.

Testimony - 2/19/80
Page 3

Surely it would be prudent to designate one office or agency to coordinate resources and plans for these programs. Wise and frugal management is sufficient cause. But beyond that is a need to give those who will be implementing programs at local levels support and information they can count on.

We therefore urge you to establish and provide assistance for a centralized state-level office where the provisions of ECPA, EPCA and the NEA, and the mandates from this Congress that will require state action will be synchronized.

Second, legislative mechanisms to assure the involvement of local governments and community representatives in state energy planning are needed. So are procedures for involving citizens organizations at the local governmental level. Both have the Solar Lobby's support and deserve your attention.

I based my comments on letters we have recently received. For instance, a resources planner in the Vermont Energy Office writes:

"We have done a great deal of thinking on assuring a role for non-government organizations in forming and implementing State energy plans. It's very difficult to write something into federal legislation which an unresponsive State or local bureaucrat can't find a way to get around. Perhaps a requirement that a citizens' advisory committee be formed to review and make changes in the proposed plan and to conduct public hearings around the state would serve the purpose. This committee could be designated to be composed of representatives of major energy-related citizen groups (as opposed to the utility and fuel lobby representatives who might otherwise be tapped)."

Testimony - 2/19/80
Page 6

And from an energy planner in Fort Collins, Colorado:

"The success or failure of planning efforts at the local level will ultimately depend on the participation of individual citizens."

"As a result, I propose that a federal program for community energy planning should require that all towns and cities have ad hoc citizen groups to set community energy priorities and to help design and implement programs to meet these priorities."

For a different twist, consider a conversation I had with the director of the Community Comprehensive Energy Management Plan for Richmond, Indiana. The other day she said she found the use of technical experts in community organizations to be invaluable and a budgetary bonus.

Therefore, we propose adding to the legislation a mandate to secure an advisory council liaison. If such a suitable and broad-based forum does not exist, we believe states should be required to establish one.

The Health Services Act contains a provision for such procedures for involving the public in decision-making and the EPA regulations for citizen participation are excellent. Finding model legislation is not a problem -- all the more reason why this language should be in the legislation so that we do not have to go through a lengthy regulatory process. Putting it in now would mean averting the danger that the regulations won't live up to congressional mandates and the certainty that time that could be better spent putting programs into operation won't be spent on developing regulations.

Testimony - 2/19/80
Page 5

In addition, pains must be taken to make sure funding gets to the local governmental and community level.

Expertise is growing by leaps and bounds. We know of the success of Portland, Oregon; Seattle, Washington; and Davis, California. But there are many others. The Center for Renewable Resources is compiling a catalogue of over 1,700 model programs from all over the country dealing with renewable energy, and most of these take place at the local level. Both HUD, through the Community Development Block Grant, and DOE through the CCEMP program, support local energy-development plans. But these community groups need visibility and support.

Therefore, we urge you either to expand the provisions of H.R. 4382 to substantively support local planning or to back community-management legislation. In either case there must be provisions to assure that funds get to the local governments and to community groups. And in either case, funding for community-level planning and programs should go directly to the local level, not indirectly through the states.

Third, we are concerned that there be provisions for renewable resources development and conservation planning clearly mandated -- not merely suggested. Granted, some states have energy plans under way and others are developing them. Legislation certainly should not be overly prescriptive. But we are at a stage now where we must establish certain base lines for conservation and renewable resource programs. This legislation will give guidance both for procedures and content.

Testimony - 2/19/80
Page 6

We at the Lobby and the Center would appreciate the opportunity to discuss with your staff more specific proposals for renewable resources planning in this legislation.

Finally, we would like to propose that there be an established state level program for developing and distributing curriculum on conservation and renewable resources for elementary, secondary and post-secondary students. Although Florida, Virginia, Iowa, and a few other states now use ECPA and EPCA funds for energy curricula, this should be an across-the-board effort. It is certainly the best way to assure that we will have a cadre of knowledgeable energy leaders in the next generations.

Again, I do appreciate being here today to comment on this legislation. The Solar Lobby is developing a network of our 30,000 members to support energy-management legislation. And I hope that we can work with you to bring forward the most effective programs.

Appendix A: Legislative Provisions:

1. Energy Conservation and Production Act of 1976 (PL.94.385) (ECPA)
 Title III "Energy Conservation Standards for new Buildings."
 Title IV Part A. "Weatherization Assistance for Low Income Persons."
2. National Energy Conservation Act of 1978 (PL.95.619) (NECPA)
 Title II "Residential Energy Conservation"
 Part I- "Utility Program"
 Part 2- "Weatherization Grants for the Benefit of Low-income families."
 Title III "Energy Conservation programs for Schools and Hospitals and Buildings owned by Units of Local Governments and Public care Institutions."
3. Public Utility Regulatory Policies Act of 1978 (PL95-617) (PURPA)
 Title II "Certain Federal Energy Regulatory Commission and Department of Energy Authorities."
 Sec.201 "definitions"
 Sec.210 "conservation and small power production."
 Title I "Retail Regulatory Policies for Electric Utilities."
 Subtitle D "Administrative provisions"
 Sec.131 "voluntary guidelines."
4. The National Energy Extension Service Act of 1977. Title V (PL.95.39)
5. Emergency Energy Conservation Act of 1979 (PL.96.102) Title II.
6. Department of Energy Organization Act (PL.95.91)
 Title I - "Administrative Procedures and Judicial Review."
 Sec. 501 - "procedures"

APPENDIX B: 1

Energy Performance Standards for New Buildings

Legislative Mandate: Energy Conservation and Production Act of 1976 (PL 94-385) Title III (ECPA)

Program: The Department of Energy is directed to establish Energy Performance Standards for New Buildings to achieve maximum practicable improvements in energy efficiency and increases in the use of renewable sources of energy.

State role: States and local governments will be encouraged to adopt, enforce and implement the energy performance standards through their existing building codes, their construction mechanisms, or an alternate approved process.

States will be provided technical and financial assistance for the adoption and implementation of the Standards.

Current

Status: Regulations on the proposed standards were published in the Federal Register on November 28, 1979.

A separate rule will be issued for the implementation methodology.

After the publication of the final performance standards the President will transmit them to Congress for review to determine if sanctions set forth in ECPA (Sec. 305) are necessary and appropriate.

CitizenParticipation:

The enabling legislation called for consultation with representatives of consumer groups in the development and promulgation of the standards (Sec. 309 of ECPA).

Written comments on the proposed rule for the Performance Standards and the Technical Support Documents, including the draft Environmental Impact Statement, must be received by February 26, 1980. Five public hearings are scheduled:

Washington, D.C.- January 28, 29, 30, 1980

Atlanta, GA - February 4,5,6, 1980

Los Angeles*, CA - February 11,12,13, 1980

Boston, MA - February 11,12,13, 1980

DOE Contact: Sue Sicherman 376-7898

APPENDIX B: 2

Weatherization Assistance for Low-Income Persons

Legislative Mandates: Energy Conservation and Production Act (PL94-385) Title IV National Energy Conservation Policy Act (PL95-619) Title II part 2.

Program: Grants are to be awarded by DOE thru States for weatherization assistance to low-income persons, particularly the handicapped or elderly.

State role: The States must submit applications to DOE for annual grants. The States then subgrant the funds to local agencies - generally Community Action Program Agencies.

Current Status:

The final rule published August 29, 1979 requires States to develop, as part of a State plan, a list of weatherization measures by building type, ranked in order of cost effectiveness.

States are now submitting applications for FY '80 funds. The regional officers of DOE notify the States of the availability of funds and the States then have 90 days to submit their plans.

Citizen

Participation:

The State is required to hold one or more public hearing to receive comments on the State proposal (Sec. 440.14 of the final rule, August 29, 1979) Many of the States have submitted plans but the process is still underway for FY '80.

Although existing funding authority only goes thru FY '80, DOE assumes this program will continue next year. Therefore, public hearings will be held for all the FY '81 State applications.

DOE Contact: Carolin Martin - 252-2704

APPENDIX B: 3

SCHOOLS AND HOSPITALS AND BUILDINGS OWNED BY
UNITS OF LOCAL GOVERNMENT AND PUBLIC CARE
INSTITUTIONS

Legislative Mandate: National Energy Conservation Policy Act of 1976.
(NECPA) Title II parts 1 & 2.

Program: Two programs are established: first, for energy audits of existing buildings; second, for technical assistance for designs hardware, and for States' administrations cost

State role: Each State must formulate plans according to DOE regulations both to receive assistance for the energy audits and for technical assistance and energy conservation. The Governor must designate an appropriate lead agency within the State to develop plans. Such plans must be approved by DOE before funds are dispersed.

Current Status: Final rules have been published for the energy audits (April 2, 1979) and the technical assistance and energy conservation measures (including renewable resources), (April 17, 1979). State plans have been approved for the audits.

School and Hospitals: State plans for the first round of technical assistance are still being submitted to the DOE Regional Offices. Review should be completed by February 1, for the FY '80 authorization. However, DOE is requesting an extension of the program's authorization thru FY '83.

Citizen Participation: The rules for both the audits and the technical assistance called for public hearings and comment. The technical assistance rule specifically states that each State plan must include:

"a statement setting forth the procedures by which views of eligible institutions or coordinating agencies representing such institutions or both, was solicited and considered during the development of the State plan" (Sec. 455.90 (a)).

Therefore, relevant non-governmental institutions or citizen organization can be involved in the State plans for the authorization for FY '81-'83. This is particularly important as the final rules for both the audits and technical assistance expanded and clarified renewable energy provisions.

DOE Leads: Mike Wellingham - 252-2335

Ron Milner

APPENDIX B: 4

THE RESIDENTIAL CONSERVATION SERVICE PROGRAM

Legislative Mandate: National Energy Conservation Policy Act, Title II part I.

Program: Requirements for State plans and non-regulated utility plans are established under which the residential customers of large gas and electric utilities and home heating suppliers will be able to receive energy audits and information regarding arrangements in the financing, supply and installation of energy conservation and renewable resource measures for existing houses.

State role: The State must submit to the Assistant Secretary for Conservation and Solar Applications, 10 days after the publication of final regulations, the State agency or agent appointed by the Governor specifically authorized by law to develop a State plan for this program. The proposed state plan must be submitted within 100 days from the publication of the final rules. The Assistant Secretary then has 90 days to approve or disapprove the plan.

Current
Status:

The final rules for the requirements of the State plan were published Nov. 7, 1979. States have until June 1980 to submit plans to DOE.
A second rule for material safety, effectiveness and installation for wind, thermosyphon systems, and swimming pool heaters and also for requirements for installer/inspector qualifications should be published by Dec. 28, 1979.

Citizen
Participation:

1. The final rule for the State plans mandates that prior to the submission of the State plan the lead agency must invite public comment on the content of the plan with at least 30 days notice and hold at least one public hearing. (Sec. 436.304). Citizens must be sure that this process has been adhered to before the final submission of June, 1980.
2. The rule for standards calls for a public hearing in D.C. on January 22, 1980 and final comments by February 19, 1980.

DOE Lead: Jim Tank - 376-4020

APPENDIX B: 9

Voluntary Rate-making Guidelines for Solar Energy and Renewable Resources

Legislative Mandate: Public Utility Regulatory Policies Act of 1978, Title I (P.L. 95-617)

Program: Subtitle B, Section 131. On June 20, 1979 the President directed the Department of Energy (DOE) to develop and publish within 120 days a voluntary guideline, applying specifically to solar energy and renewable resources, for the rate-making and other regulatory policy standards established under Title I of the Public Utility Regulatory Policies Act of 1978.

State Role: These voluntary guidelines are intended to provide assistance to state regulatory authorities and nonregulated electric utilities in their consideration of the PURPA standards with respect to the use of solar energy and renewable resources by utility customers. It is important that states consider these guidelines when implementing the PURPA standards.

Current Status: The Economic Regulatory Administration has issued proposed voluntary guidelines in Docket No. ERA-R-79-46. The deadline for submitting written comments was Dec. 3, 1979. Two public hearings were held in Washington D.C. and Kansas City, Missouri. The final rules will be published in early February.

Citizen Participation:

There was opportunity for citizen input and comment prior to the December 3 deadline for written comments. Public participation was also encouraged at the public hearings.

It is very important that after the publication of the final voluntary guidelines, citizens lobby the state regulatory authorities and nonregulated electric utilities to consider the voluntary guidelines when implementing Title I of the PURPA standards.

DOE Contact: Mary Ann Masterson - 376-9469

APPENDIX B: 6

STANDBY FEDERAL CONSERVATION PLAN

Legislative Mandate: Emergency Energy Conservation Act of 1979 (PL 96-182) Title II.

Program: The Act directs both the federal and State Government to develop mechanisms to deal with severe energy shortages and to develop plans for emergency energy conservation.

Federal role: A Standby federal plan is required to be developed by DOE by February 4, 1980. This plan includes specific conservation measures for specific energy sources.

State role: States must submit plans for a specific Energy Conservation target 45 days after the publication of a federal target. However, under Section 212 (2) States are encouraged to submit to DOE State emergency conservation plans in advance of any specific federal targets.

Current Status:

1. A notice of Inquiry published December 7, 1979 seeks public comments on specific measures to conserve gasoline home heating oil, diesel fuel, residual fuel oil and natural gas to be included in the February 4, 1980 Standby Federal Plan. This plan is scheduled to be published as an interim rule on February 4, 1980.
2. Some States are in the process of developing Emergency Energy Conservation plans in advance of specific federal targets.

Public Participation

1. The public may submit comments on the Dec. 7 notice of Inquiry on specific federal conservation measures. The deadline is December 2, 1979. DOE expects to have public hearings during February on the federal plan.
2. The Governor of each State is required to provide to the maximum extent possible, an opportunity for public comments on the development of state plans (Sec. 212 (b) (2)).
3. In the middle of January DOE expects to publish proposed energy conservation measures to be incorporated into the Standby Federal Conservation Plan. Public comments will be sought.

DOE Lead: Henry Bartholomew - 202-4966

G. Cleveland Laird, Jr. 202-4950

APPENDIX B: 7

ENERGY EXTENSION SERVICE

Legislative Mandate: The National Energy Extension Service Act of 1977, Title V (PL.95.39)

Program: The DOE will channel funding through the DOE Regional offices to State entities designated by the Governor to be responsible for an Energy Extension Service outreach program directed toward small business and individual energy users for energy conservation (including the utilization of renewable energy).

State Role: A State Application for an E.E.S. grant that includes a State E.E.S. plan must be approved by the Appropriate DOE Regional Office before funding grants are allocated.

Current Status: Final rules for the requirements for the preparation, submission and review of State plans and annual applications users published October 2, 1978. The deadline for the States to submit grant application is February 19, 1980.

Citizen Participation:

1. State plan:

An annual State Application for financial assistance must contain "a written summary and chronology of the procedures which were used to provide organizations and individuals with opportunity to comment on the State plan prior to or during its development" (Sec.465.6 (c) (5) of the rule. In addition the plan must indicate "how existing organizations, including state, local, university, or other organizations, will be used to the optimum extent to assist in the implementation of The State plan (Sec.465.8 (c)(11)(i) of the rule. Citizen's organization, therefore, can still impact the formation of State plans and must monitor the implementation of the plan in terms of Sec. 465.8 of the rule.

2. Advisory Boards:

No mandate, however

- (a) A number of States Established Advisory Board is The E.E.S. pilot programs. DOE in orientation meetings with the State encourages States to take advantage of such public involvement. Citizen groups can use this record as a basis for the establishment of a State Advisory Board by the State entity responsible for the E.E.S. program.

APPENDIX B: 8

Development of cogeneration and small power production

Legislative Mandate: Public Utility Regulatory Policies Act of 1978, Title II (P.L. 95-617)

Program: Section 201 and 210. The Federal Energy Regulatory Commission will establish rules to encourage the development of small power production and cogeneration. Section 201 defines the facilities that would qualify under these rules. FERC's rules under section 210 would require utilities to sell electricity to qualifying cogeneration and small power production facilities and to purchase electricity from such facilities. They would also exempt qualifying facilities from most requirements imposed upon electric utilities by the Federal Power Act, the Public Utility Holding Company Act, and state utility regulation.

State Role: State utility commissions will have to establish procedures for implementing these rules within one year of their effective date. "The requirements to implement may be fulfilled either through (1) the enactment of laws or regulations at the state level, (2) by application on a case-by-case basis by the State regulatory authority, or nonregulated utility, of the rules adopted by the Commission or (3) by any other action reasonably designed to implement the Commission's rules." (Proposed rules, Subpart C) Under Section 302, the state public utility commissions must report to FERC no later than one year after the issuance of the rules with the manner in which they intend to implement the rules. The state PUCs are required to hold public hearings for review of the rules.

Current Status:

The Federal Energy Regulatory Commission has issued proposed regulations fulfilling its responsibilities under section 201 and 210 of PURPA. The proposed rules under section 201 was published June 27, 1979 and the proposed rules under section 210 were published October 24, 1979 in the Federal Register. There were four public hearings and the deadline for written comments on the proposed rules was Dec. 14, 1979. The final rules are expected to be published in January, 1980. Note: the final rules were originally to be published on Nov. 9, 1979.

Citizen Participation:

1. State level:

Prior to implementation of the rules under Subpart A of section 210, the state PUCs and non-regulated utilities are required to provide for notice and opportunity for public hearing. It is important that there be strong citizen participation at the state level.

Page Two

E.E.S.

- (a) A National Advisory Board is established in Sec.465.5 of the final rule. The Board is to review the operation of the E.E.S. comprehensive program and the State plans and present an annual report to Congress. Citizen groups can use this Board as a conduit for local concerns that need national attention.

DOE contact:

Kathleen Reavis - 252-2305

Ron Kessler: - 252-2302

2. Further review:

Under Section 210 (g) of PURPA, persons can bring actions in State court to require the State regulatory authorities or nonregulated utilities to implement the Commission's rules.

Furthermore, public review and enforcement includes the application by a State regulatory authority or nonregulated electric utility, on a case-by-case basis, of its regulations or any other provision it may have adopted to implement the Commission's rules under section 210. The Congress has provided not only for private causes of action in state courts to obtain judicial review and enforcement of the implementation of the Commission's rules under section 210 but has also given to the Commission that authority. (proposed rules, Subpart C "Review and Enforcement")

FERC Contact:Debbie Gotheil 357-8000
Ross Ain

Mr. OTTINGER. Well, thank you. It is our intention to move quickly on this legislation.

I wonder if you would like to address my question before I go, Mr. Hester. This is a complex question. You addressed yourself to the complexities of it, but should there not be some funds for the administration of these programs that go directly to the user?

Is there not a real problem of impendence in the use of funds going through multiple administrative machineries, multiple regulatory proceedings, and so forth that really do eat up the funds and eat up time and make complexities for the user?

Mr. HESTER. I think I would agree with that point, Mr. Chairman. That is one of the reasons that we are concerned about direct funding of the limited amount of money that is being talked about, or at least recommended by the administration, because we think that all it will do is result in more bureaucracy.

You have to have a minimum amount of bureaucracy. We would like to see the money passed through directly to the States. We would like to coordinate it at the State level.

Mr. OTTINGER. Directly to the localities?

Mr. HESTER. Excuse me, to the localities, yes, sir. We would like to have a council at the State level that includes representation from units of local government people to help coordinate that with the State plan and then use the money that is mandated as a direct passthrough to the local governments for program implementation rather than to try to reinvent the wheel. We have, in effect, been doing that for 6 years.

Mr. OTTINGER. How big of a State energy office do you have in Florida and how long does it actually take them to process the existing programs down to the localities?

Mr. HESTER. I did not understand the first part of your question.

Mr. OTTINGER. How big of an office do you have?

Mr. HESTER. I have about 50 people in my office at the State level. It depends on the program.

Mr. OTTINGER. What is the payroll of those 50 people?

Mr. HESTER. Our total budget is around \$2.8 million now. We are getting implementation money for things like hospitals and schools which, of course, will drive that figure up greatly.

We have a separate solar center in Florida, another \$2.5 million that we fund on work in the renewables area. But again, I want to emphasize to you all the existing funding restraints. We have been working nationwide with \$75 million for all of these programs, and what the locals were telling you is that more money is needed for these functions. We would like to have a piece of the action.

The \$50 million that is thrown into the pot is not a small amount of money, but a small amount of money for the size of the problem. If you want to get maximum bang for the buck out of that—and again, we want a strong role for local governments—we feel it ought to be coordinated, through the States to benefit from the money you have already spent.

Mr. OTTINGER. You put out State regulations on how the localities use the funds that come through on these various programs?

Mr. HESTER. Under existing programs usually the rules come from Uncle Sam, from DOE, and more or less we are the implementing agent for the programs with the rules already spelled out.

We are looking for more flexibility under EMPA.

Mr. OTTINGER. Do you put out your own regulations that implement the DOE regulations?

Mr. HESTER. On a limited basis. For instance, in the building code area that we see discussed, we have been fairly aggressive in that area but we are not overburdening the local governments with a massive rules game that is chewing up money, if that is the thrust of your question.

Mr. OTTINGER. That is what I am concerned about, this overlay of personnel who are going to be making decisions, putting people out, regulations adding to the overall burden of paperwork.

Mr. HESTER. One of the problems has been with the old legislation. One of the reasons we are having some trouble moving EMPA is that there used to be some funny figures floating around with estimates of multibillion savings in Btu and the States and DOE would be asked to approve them.

I think DOE is doing a better job now with the States. They have spent a lot of money in this area. I think the accountability is going to be much better. You are going to be able to ask how many Btu's did you save and prove it and I think that process is now in place. It has been on line since late last summer.

I do not have the hard figures to hand you today, but DOE has finally been in coordination with the States and, laid down a framework which I think is going to give better accountability of what we get for our money in the conservation area.

Mr. OTTINGER. I think that is a subject we will have to address.

I will turn the questioning to Mr. Markey to take over the Chair. Thank you.

Mr. MARKEY. I think Congressman Anthony was the next Congressman to arrive, in time. I will recognize him at this time.

Mr. ANTHONY. Thank you, Mr. Chairman. I just have one quick question. We are talking about creating more bureaucracy and that was the central point of trying to keep it in the States, yet part of your solution to keep from creating more bureaucracy was to create a council which some would look upon as creating a bureaucracy.

I wonder if you would respond to that? If your solution is not creating less bureaucracy, yet it is creating bureaucracy.

Mr. HESTER. We have been trying to work out a compromise and we have met with the representatives of the locals on several occasions.

I said we have made progress with NACO. We have not succeeded with the U.S. Conference of Mayors because they are looking for more money.

One of the issues that the locals want—and have a perfect right to want is for greater participation in the process of how we arrive at energy conservation targets and national goals. States have no objection to that. We would like to have them participate with us. We do not think it is productive for the States to go our way and the locals to go their way and you have the seeds for that if the money is handed directly down from DOE.

The National League of Cities testified today and it was the first time that I heard it from them that they favored DOE, in effect, having the council on a RFP type of proposal basis. My experience

working in a local government level was if you happened to be in the right place at the right time politically you might get money that way, but for most local government jurisdictions that is not a very good mechanism for getting a share of the funds.

The planning council was designed for a participation process. You are right. There is a small degree of bureaucracy, but I do not think it needs to be unreasonable and I think that it answers the question of local governments feeling that they have a voice in what the State and local governments are doing to meet the mandates of the National Energy Act.

Mr. ANTHONY. Thank you.

Mr. Chairman, I yield back the balance of my time.

Mr. MARKEY. The gentleman from Missouri, Mr. Volkmer.

Mr. VOLKMER. Less of a question, more of a statement.

It has a question implied in it, and both of you can answer.

We see another program that we are starting up, if the chairman has his way, and other members, and the people here testifying here today and the administration, which, as you pointed out will, in some way, create a bureaucracy because we are going to administer and check on it where the money goes out and make sure it is spent right and these supposed goals are going to be met, and then on and on.

The question is how much will be used in that administration process and how much will be used in the end for the end result.

Let me ask you this. What if we just took the money and added it to revenue sharing? Unless you are going to tell me that the State and local governments without the program direction, without the Federal bureaucracy looking over them to make sure they are supposedly meeting the goals and making the reports, et cetera, that they really are not interested in energy conservation.

Is that what you are telling me?

Mr. HESTER. No.

I hope I am not telling you that EMPA, as previously funded, basically has been a planning bureaucracy act. What we are suggesting to you is that, if you are going to add money for local governments—which we highly recommend to you—we would like to see that money used for program implementation rather than creating more plans.

On the revenue sharing question, of course the States and the localities always like to have unfettered cash. But at the funding levels in the present bill such insignificant dollars you are not going to get very much for your buck.

One of the things EMPA does which I have not really emphasized, is to consolidate the existing grant programs. Now you have all these different programs. One of the things that the States were looking for in EMPA is grant consolidation where you did not have this wide variety. The question is sometimes, "DOE is working on that now and why do you need Congress?" Because the bills are separately funded, separately cycled and enough barriers are there that you cannot really effectively consolidate the existing grant programs administratively.

Mr. VOLKMER. But you feel that the State and local governments could not have cooperative efforts if we did funnel the money back directly to the local governments?

Mr. HESTER. I do not want to state that but you know, local governments by law, by definition, are creatures of the State. Varying States have varying home rule statutes and the larger urban areas usually having a fair degree of distrust of States.

I think States are doing a better job and I feel, particularly in Florida under our current Governor, that we are working hard on improving these relationships. But I think it does not do any harm to have it specified to make sure that it takes place, that the Federal housing and urban departments should have a role.

The States have often said they have been ignored by HUD and do not have a role in that area. I do not think we want to recreate the hostile climate that currently exists in that area.

Mr. VOLKMER. Would you respond?

Ms. SHOREY. I agree that there has to be funding right now and a coordination of programs at the State level because I do think that there are a myriad of programs that have been laid on the States by Congress. Lots of them are very worthy and need to be implemented but they do require a coordination.

On the other hand, I think that there are many, many programs at the community level that need support directly at the community level, so I think you really are dealing with two prongs here.

I think that it should be considered that way.

We, in our organization, find an enormous support for conservation and renewable resource programs at the local community level and the people who are working on these and organizing them and planning them really do not want the funding to go through the States. They want it to come directly to those community groups.

I am very sympathetic with that. I do not think it is an either/or. I think it is a combination of support, one at the State level where those programs need to be coordinated and another one at the local community level where you are going to have both planning and implementation of programs, grant programs, that are going to have to go on.

Mr. VOLKMER. Those communities that your office has been working with, what is the smallest size?

Ms. SHOREY. I will have to submit that to you, Congressman. I really cannot tell you.

We are now, as I say, compiling this catalog of 1,700 model programs throughout the country and right now it is about to go to the printer. But I would certainly get back to you about that.

Mr. VOLKMER. I would appreciate it.

Thank you, Mr. Chairman.

Mr. MARKEY. Thank you.

You know, that is a good point that you raised, that \$45 million times 800 entities times a planner for each one and a secretary to help him out, it really is not going to leave a whole heck of a lot of money to get anything done.

If you were going to fund a program, how would you fund it?

What would be the level that you would look to adequately maintain a really effective energy program?

Mr. HESTER. I think I have a conflict of interest. We are trying hard to support the administration's holding the budget down but, at the same time, in my parochial interests as the energy director

for a State, we would like to see more money and I address that to you.

We think the programs in EMPA could, conservatively, cost \$346 million. That sounds like, when you consider we have been spending \$70 million, that it is something we just pulled out of the air. But it really is not.

The truth of the matter is that the States and the localities are going to spend whatever you give us.

I think in terms of the total DOE budget you have some \$800 million basically going into conservation programs but only \$70 million of that has so far been going into the hands of States to try out this type of thing.

I would like to see more money in these visible types of programs that are out there and I think it should be addressed on the overall level rather than, how much would you give to this one sector.

But I would like to see more in the overall conservation budget which is basically what EMPA deals with.

Mr. MARKEY. You have mentioned the fact that you have been able to go through the Tsongas bill, which I am the sponsor of on the House side. Have you been able to take a look at the provisions in the bill with regard to State-local coordination and do you feel that they would be able to significantly address some of the difficulties that are raised by other panelists in the coordination?

Ms. SHOREY. Yes, I do, because I think it is a multipronged approach and I think that is what we have to have. I think that the provisions out in the Tsongas-Markey draft, we support. I think that they will have to be clarified when it comes into legislative language and we would like to look at it again. But the outline of it, I think, is a good solution.

Mr. HESTER. We want to emphasize that somebody has to set the priorities. No matter what you give us, we are always going to want more, or could use more, and we are saying you have invested a good deal of time and money in making the States the priority-setter if you will, in the energy delivery programs and we think that you ought to build on that process rather than to now chuck it aside.

Mr. MARKEY. Would not each community of any size at all almost have to have a planner rather than having—in my own district, I have 15 cities and towns. None of them have fewer than 25,000, none have more than 56,000, but each one of them has their own particular problems that would have to be dealt with on a local level and to have the State be able to come in and look at them plus the other 342 cities and towns in Massachusetts, to be able to make an effective use of the State manpower and be able to know the peculiar nuances, subtleties that each community has, would a more effective use of the State be in a coordinating kind of role but to give the primary responsibility to the Davises, the Portlands, the Seattles and their counterparts across this country which very aggressively want to go forward and not wait for a cumbersome State bureaucracy to wait on a uniform basis to give a goahead to the statewide program?

Mr. HESTER. For every Portland and Davis, Calif., there are other local governments that have difficulties getting these kinds of programs going and to assume you are going to suddenly go out and

find tens of thousands of very capable energy-oriented people that are going to hit the ground running with effective, delivered programs is probably quite optimistic.

I think what we are trying to do in Florida—we have 400 municipalities in Florida, 67 counties and another 67 school systems—is to develop a reputable citizen participation process in which communities, through a citizen input mechanism, choose their own energy programs. We have communities where we have intensive efforts, where we are trying to get everybody involved—much like Portland and Davis, Calif.

I do not think that Congress is going to find enough money to give every community in America a planner, I will say in the past a number of communities have been able to use CETA money but with the tight rules on CETA they have lost that capability.

Mr. MARKEY. Let me ask you this. What you are telling us the \$45 million is not going to do the job?

Mr. HESTER. Right.

Mr. MARKEY. At all.

Mr. HESTER. Yes.

Mr. MARKEY. For all intents and purposes of the administration program?

Mr. HESTER. For what you are thinking of.

Mr. MARKEY. The administration's press release is going to sound a lot better than the actual results, is what you are saying.

Mr. HESTER. Well, you are requiring me to be hard on the administration.

Mr. MARKEY. A pregnant pause, and I do not think there is going to be any product coming from us.

Do you think the Federal funding is going to be adequate, the administration's part?

Ms. SHOREY. Of course I do not think it is going to be adequate at all, and I think we want to help in every way we possibly can to bring your proposition forward.

I think it is essential—this is the way we can get to use the current phrase, "more bang for the buck" than perhaps anything we can do and I do feel that there is expertise out there that wants to get cracking, that there are lots and lots of community groups and people at the local level that really want to get on with renewable resources and conservation but they need financial support and they also need to know about programs that are taking place in other parts of the country.

They need that reference bureau. They need some technical assistance and all that is a part of this kind of community legislation and I am terribly, terribly supportive of it and I think it is a political plus, too, and I frankly cannot understand why the administration would not support it.

I should think that this would be the best kind of way of getting the message out, or getting the support at the local level for programs that the administration continues to espouse.

Yet we do not seem to have the wherewithal to get it done.

So this is absolutely the time to get on with it.

Mr. HESTER. Let me express my concern about funding responsibilities. I hate to see us go through some months and weeks of intensive fighting and come up with a huge authorization for funds

and it never gets through the appropriations process. In the existing programs that we have you have authorized the \$125 million to \$150 million level depending on the energy extension program—basically it has an open-ended budget criteria—and you are going to give us \$75 million through the appropriations process.

I do not want to go down that road again. We would like to have more money but we are faced with the reality that you are facing a tough budget squeeze.

Mr. VOLKMER. If the chairman would yield for a moment?

Mr. MARKEY. Yes. I yield to the gentleman from Missouri.

Mr. VOLKMER. What about the possibility in the planning, et cetera, instead of having the money going directly to the cities, especially the smaller ones in certain areas, as the gentleman from Massachusetts alluded to in his district, that we use regional planning districts and therefore you would not have to have one staffer or two staffers in each town. You may have to have one or two for four or five towns.

Yet that is a compromise between the States solely and the cities, too.

Mr. HESTER. That is basically the approach we have followed in Florida. We have taken some of the old EPCA money and given it to our regional planning districts. Nobody likes the regional planning districts, the State or the locals, which is unfair to them. They are kind of in a no man's land. You get even further out from making everybody happy.

Mr. VOLKMER. I am not thinking about making people happy. I am trying to utilize the dollar to the best extent. That is what I am trying to think of a way to do.

Ms. SHOREY. Congressman, a lot of the NEA programs and the EPCA programs are pinpointed at the State level, so I think that you have to use that mechanism for the coordination of the existing programs and the other, for the community level programs, I really think probably that the HUD passthrough was probably the best way to do it, that mechanism.

So I would support the existing proposals that are here that combine that DOE-HUD process.

Mr. VOLKMER. I still see some problems because, as the gentleman from Florida has pointed out, you do not get any more money than what you had here and how it is going to be utilized and to what extent in the end product and trying to find ways of doing that better.

And with that, assuming that the amount of money—I think that is what it probably will be. That \$300-some million. I do not think that the appropriations, et cetera, and the bind we are going to have on us, that I can see it. It would be nice to have it, but let's not live in a utopia, either.

The other thing I would like to say, Mr. Chairman, just in passing, that with the methodology set out in the bill, what it does—just look at my district and you know we have to be a little broke. I have two cities out of over 100 that qualify.

Mr. MARKEY. I thank the gentleman.

I would like to conclude by saying how much we appreciate your participation and, by way of comparison in the administration bill and decontrolling the price of oil, crude oil in the country, we are

giving an extra \$1 trillion in revenues to the oil companies between 1980 and 1990 above and beyond what OPEC will take and above and beyond what the oil companies would take after and before the decontrolled price, an additional \$1 trillion.

DOE has budgeted in fiscal year 1981's budget \$57 million for managing energy use in its own buildings. Just in its own Department of Energy buildings, \$57 million. OK?

For all municipal governments in the whole country, they want to appropriate \$45 million. Contrast that with the trillion dollars the oil companies and oil decontrol and \$57 million to manage the energy in their own buildings and you can see the complete inadequacy of the program that they are proposing here.

I thank you for helping us to point out some of those and I would advise you that we would be fully taking into account all of the testimony that you and the other witnesses have presented to us today.

And I would ask unanimous consent that your statements that were not allowed to be read in their entirety be included in the record and that the statements that I and other members of the committee have not had the opportunity to present be also included.

At this point, I will adjourn the meeting with the thanks of the committee.

Thank you.

[Thereupon, at 12:40 p.m. the joint subcommittees recessed, to reconvene at the call of the Chair.]

○